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CONTENTS

	PAGE
THE MANDATES SYSTEM AND PUREM OPERION - QUINCE WESLEY	340
INTERNATIONAL FINANCE AND BALANCE OF POWER DIFFICULARY,	
1880-1914 Jacon Vinne	
THE SUCCESS OF COOPERATION ADDRESS LIVESTOCK PRODUCEME	
in the United States of America G. R. Fay	
EARLY MEAT PACKING PLANTS IN THEAS - T. J. CADLEY	
RACIAL ATTITUDES AND SENTIMENTS - ELLSWORTH PARIS	479
BOOK REVIEWS Edited by O. DOUGLAS WHIES	401

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THE MANDATES SYSTEM AND PUBLIC OPINION

BY QUINCY WRIGHT

University of Chicago

The mandatory system according to the terms of Article 22 of the League of Nations Covenant and the statements of its advocates, aims to establish a better system for the administration of backward areas than has existed under the régime of colonies, protectorates, or spheres of influence-better in the sense that it would more effectively secure the liberty, material welfare and opportunity for development of the native inhabitants, and that it would more effectively secure the opportunity of all states of the world to equal participation in the trade and resources of these areas. While the system applies as yet only to the territories yielded by Germany and Turkey, with which alone the conference was directly concerned, advocates have looked upon it as a revolution in the relations of civilized and backward peoples which, if successful in these limited areas, may furnish an example for the government of other areas of similar character.1

¹M. Yanaghita of the Mandates Commission, Per. Man. Com., Minutes, Vol. 3, p. 282; Roden Buxton, remarks in 6th committee of fifth Assembly, *ibid.*, Vol. 5, p. 8; M. Rappard, *ibid.*, Vol. 5, p. 10, Vol. 6, pp. 122–123; Hon. W. Ormsby-Gore, *The League of Nations Starts*, 1920, p. 118; Capt. Benn, M. P., House of Commons, December 14, 1926, Hansard, 5th ser., Vol. 200, col. 2881; M. Moutet of France and Sir Beddoe Reese of Great Britain, Interparliamentary Union, 22d Conference, 1924, *Compte Rendu*, pp. 464, 467; H. N. Brailsford and Salvador de Madariaga, Foreign Policy Association, New York, Luncheon Discussion, February 4, 1928, Pamphlet No. 50, pp. 13, 16.

The distinctive feature of the system is undoubtedly the League supervision. The principles of trusteeship and tutelage have often been avowed before and sometimes practiced but only as self limitations. Systematic international supervision was not possible prior to the creation of the League of Nations. Whether in fact the supervision of the League of Nations has curbed the tendency toward abuse of natives and selfish exploitation of economic and military resources, heretofore common, will not be considered here. It is proposed rather to consider the progress of public opinion upon which the effectiveness of this supervision in large measure depends.

Is there a substantial public opinion back of the system? Have the mandatories accepted the system in good faith? The answer to these questions depends in part on the League itself. It is today the most important instrumentality through which a world opinion may be organized, educated, and maintained. It is the agency by which the mandatories may be led to take a view of their interests more in accord with the principles of the Covenant than has heretofore been the case,² and it may be added, upon the League's success in this effort depends in no small degree its own prestige and influence.³ Let us at-

²⁴If there is an alternative to imperialism, there is far greater strength in anti-imperialistic public opinion. If there is nothing in the world but 'each for himself,' if there is no other way of dealing with the economic, the financial, the political, the military problems than the unguarded and the uncounciled will of each particular nation, then we cannot expect to find at home the necessary leverage for anti-imperialistic opinion to curb imperialistic opinion. But if there is a League of Nations, if it is fully developed, if it contains within itself all the political and judicial organizations capable of dealing with every possible problem in international life, then public opinion at home will be able to take up the point and will be able to conquer, because it will be on the side of reason and the future against the side of animal impulses and the past." Salvador de Madariaga, Foreign Policy Association of New York, Pamphlet No. 50, Luncheon Discussion, February 4, 1928, p. 14.

s"With all my colleagues, I hope and trust that, thanks to your experience, your impartiality and your zeal, the welfare of the inhabitants of the mandated areas may be furthered, the administration of the Mandatory Powers facilitated and encouraged, the interests of all the Members of the League protected and advanced, in short all the ideals of Article 22 of the Covenant may be realized. You will thus most powerfully have enhanced the prestige of the League itself by strengthening

tempt to sketch the course of opinion toward the system (1) in the world at large, (2) in the League organs, (3) in the mandated communities, and (4) in the mandatory governments.

1. WORLD OPINION ON THE MANDATES SYSTEM

Has world opinion supported the system? Public opinion with occasional set-backs in certain countries has apparently given steadily greater support to the League of Nations since its inauguration in 1920. The membership of the League increased each year up to the sixth assembly in 1925 and

its hold upon the confidence and the affection of the peoples of the world." Wellington Koo, representative of China and acting President of the Council opening the 1st session of the Permanent Mandates Commission, Min., I, p. 3. "The League of Nations, which is the outcome of a general movement of public opinion, will live and develop for the benefit of mankind according to its success in gaining and retaining popular confidence. Nothing so develops and strengthens that confidence as to make manifest the sincerity with which the tutelary provisions of the Covenant are applied. Among all these provisions, there are none perhaps upon which the sarcasm of sceptics and cynics has been expended with more bitter joy than those of Article 22. If, as they were wont to assert before your commission took up its work, this text has no other purpose than to cloak in high sounding and pseudo-humanitarian phrases the intention of rapacious conquerors to exploit for their own ends; if the institution of mandates were nothing more than a hypocritical cover for ill-disguised annexation, the League of Nations as a whole would suffer a considerable and well-merited set-back to its prestige and moral authority. If, on the contrary, it were to become more and more evident that the administration of peoples 'not yet able to stand by themselves' really constituted a 'sacred trust of civilization' and a tutelage exercised by the mandatories on behalf of the League, with full consciousness of their responsibilities, both towards the League and towards the peoples under their care, the League itself and consequently, the peace of the world would reap the benefit. Now the only tangible link provided for by the Covenant between the League of Nations and the mandatory powers is represented by the annual reports of the powers, the preliminary examination of which has been entrusted to this commission by the council. Thanks to the high distinction of its members, thanks also to the diligent care and admirable devotion which the Commission has displayed from the outset in carrying out its appointed task, this link, which neglect on its part might have weakened to the breaking-point, has, on the contrary, been strengthened and tightened every year." Remarks of M. Rappard on retiring from direction of mandates section of secretariat, P. M. C., Min., V, p. 10.

though Costa Rica announced its withdrawal in that year and Brazil and Spain did likewise at the seventh assembly this was more than offset by the entry of Germany. Before the two-year period had expired Spain withdrew her resignation and Costa Rica has intimated an intention of reëntering. Though the United States has not become a member, it has participated to an ever increasing extent in the League's non-political work and even in some of its political work, such as disarmament. The same is true of the Soviet Union.

The League's budget which may be taken as roughly indicating the importance attached to it by the nations has been comparatively stable but has shown a slight tendency to increase. Beginning at a little over \$3,000,000 in 1920 it rose to \$4,028,671 in 1922 and \$4,954,987 in 1923, which was not again attained for several years doubtless because of a decline in the Swiss price level. In 1925 the budget was \$4,424,542, in 1926, \$4,729,738, in 1927, \$4,902,522, and in 1928, \$5,066,733.4 Another evidence of confidence in the League may be found in the fact that the seven Government loans issued under its auspices have appreciated over 11 per cent on the average, while non-League loans of similarly situated countries issued during the same period with the same average yield at issue price have appreciated less than 8 per cent.4a

⁴The budget committee pointed out to the assembly in 1928 that the increase in budget had not kept pace with the new work entrusted to the League. "Between 1922 and 1926 the budget had increased by 5 per cent and the staff by 27 per cent; during the same period the number of documents translated into French increased by 89 per cent and that of documents translated into English by 71 per cent. During the same period the documents passing through the registry increased by 48 per cent and the number of days during which committees and subcommittees held meetings by 175 per cent. Statistics for the first months of 1927 indicated that there had been no falling off in this progressive movement since the end of 1926." L. of N. Monthly Summary, Vol. 7, p. 305, October, 1927.

⁴⁸Max Winkler, The Investor and League Loans, Foreign Policy Association, Information Service, Special Supplement, June, 1928, pp. 25–26. The figures given differ because I have not considered the German loan a League loan and have based appreciation on issue price rather than par value. Winkler's table, correcting an error in calculation shows 12.3 per cent appreciation for League loans and 7 per cent for non-League loans.

As measured by the amount of newspaper space devoted to it, interest in the League has been variable, but apparently has tended to increase. Newspaper publicity, however, is a poor measure of the importance of an institution. Those most solidly established and most successful do not generally make news. Their activities have become habits and lack the novelty sought by correspondents.

The importance attached to the League can perhaps better be judged by the increasing regularity with which prime ministers and foreign ministers of the great as well as the small countries have attended its sessions. The prime ministers of Great Britain and France set an example by attending the fifth assembly. Sixteen foreign ministers were present the next year, seventeen in 1926, and the 1927 assembly was attended by one chief of state, two prime ministers and twentyone foreign ministers, including those from Great Britain, France, and Germany. The confidence shown in the League by enlightened statesmen even in non-League countries was well illustrated by Former Secretary Hughes's statement as president of the American Society of International Law on April 20, 1927. "In the final analysis," he said, "the Locarno agreements give ground for assurance because the parties have ready at hand the permanent Court of International Justice for disputes as to legal rights, and, for the composing of other differences, the organization of the Council of the League, with membership of a character affording a practical guaranty that the interests of each of the parties to the agreements will have appropriate attention in formulating proposals and reaching decisions. And thus, in the extralegal sphere, diplomacy with new institutions at its command will control the issue. Success will depend upon the wisdom and far-sightedness of this diplomacy, but it is difficult to see how peace in Europe could be better assured than by such opportunities of adjustment, though involving, inevitably as it would seem, the balancing of interests."6

Confidence in the League may be presumed to beget confidence in its activities. It is not easy to determine whether

⁵League of Nations, News, N.Y., October, 1925, p. 4; November, 1926, p. 9; November, 1927, p. 14.

⁶Proceedings, Am. Soc. Int. Law, 1927, p. 14.

in fact the mandates system has won as much approval as the League in general. The system has not thus far been applied to any territories other than those referred to in Article 22 of the Covenant, though it has been applied to all of them and Government representatives before the mandates commission have seriously discussed its extension.

As an indication of opinion on the subject the views of different classes of people may be sampled.

Jurists, historians, and philanthropists, even those of German nationality, quite generally support the system. "The best defense of the system," writes the French jurist Stoyanovski, "consists in expounding its juridical principles." "The mandate system may be toothless but it is not bootless," says the American Professor Moon, after a comprehensive study of modern imperialism. "On the whole," writes John H. Harris, of the British Anti-slavery and Aborigines Protective Society, "the League of Nations may be justly proud of the success of the mandatory system." "In spite of the origin of the system," said Professor Mendelsohn-Bartholdy of Hamburg, in the 1925 meeting of the German association of international law, "I believe it will free itself gradually of its imperfections and will prove one of the greatest creations of international law in modern times." "13

⁷With the exception of Walvis Bay, an enclave in Southwest Africa, which though part of South Africa before the war is now administered as part of the mandated territory. Statutes of Union of South Africa, 1920, p. 62.

⁸Except the Kionga triangle ceded by Portugal to Germany in 1894 and the part of French Equatorial Africa ceded to Germany in 1911, which were retroceded to Portugal and France respectively.

⁹P. M. C., Min., VI, pp. 121-124, supra, note 1.

¹ºStoyanovski, La Théorie Générale des Mandats Internationaux, p. 237. M. Van Rees of the mandates commission characterizes it as "one of the happiest innovations born of the war and universally recognized as one of the noblest results of the Treaty of Versailles." Les Mandats Internationaux, 1927, Vol. 1, p. 2.

¹¹Moon, Imperialism and World Politics, p. 509.

¹²Harris, "The Mandates System after Five Years Working," p. 8, reprinted from the Contemporary Review, 1925.

¹³Germania, June 25, 1925. See also Moritz Bileski, "The Work of the Mandates Commission of the League of Nations," Die Gesellschaft, November, 1924; Zeitschrift für Politik, Vol. 13, p. 408; Zeitschrift für Völkerrecht, Vol. 12, p. 65; Vol. 13, p. 77.

Among specialists the experiment has aroused extraordinary interest. The head of the mandates section of the League Secretariat has drawn attention to the "countless requests for information both bibliographic and other on mandates questions. Many scholars and students," he added, "come to the League of Nations library to study the documents and I need not say that the secretariat endeavors to grant them every facility in their work."13a Scores of treaties and articles on the juridical character of the system, its historical development and its humanitarian achievements and possibilities have appeared in all languages and mostly in an optimistic tone. Though German writers, of which there have been many, are likely to be reserved in their praise or even cynical, they displayed, even before Germany entered the League, an increasing tendency to accept the system, to insist that Germany, as a party to the Versailles Treaty, demand full adherence to its principles, and to urge that the League supervision be strengthened. Their criticism has been of the one-sided application of the system to German and Turkish territory alone rather than of the system itself.14

Statesmen and politicians, as one might expect, exhibit a wider divergence of opinion. Their views usually reflect personal or national disappointments, ambitions, or policies. The most pessimistic statements have come from Americans, Germans and Russians. Secretary Lansing of the American delegation at Paris in 1919, whose advice against the system was rejected by President Wilson, has offered such a sweeping criticism of the system as to require extensive quotation: 15

The mandatory system, a product of the creative mind of General Smuts, was a novelty in international relations which appealed

^{13a}P. M. C., Min. X, p. 12. See also ibid., IV, p. 10.

¹⁴See Resolution of German Association for International Law, June 6, 1925, Kölnische Völkszeitung, June 7, 1925, and statements by Gunzert, Fleischman, Mendelsohn-Bartholdy on the occasion.

¹⁵Lansing, The Peace Negotiations, pp. 155-160. David Hunter Miller, legal adviser to the American delegation, expressed a similarly cynical opinion of the Mandates System as set forth in President Wilson's second draft Covenant on January 14, 1919 (The Drafting of the Covenant, Vol. 1, p. 47), but his considered judgment is that "the world took a very long step forward when Article 22 of the Covenant came into force." Ibid., Vol. I, p. 105.

strongly to those who preferred to adopt unusual and untried methods rather than to accept those which had been tested by experience and found practical of operation. The self-satisfaction of inventing something new or of evolving a new theory is inherent with not a few men. . . . Many reformers suffer from this form of vanity.

In the case of the system of mandates its adoption by the Conference and the conferring on the League of Nations the power to issue mandates seemed at least to the more conservative thinkers at Paris a very doubtful venture. It appeared to possess no peculiar advantages over the old method of transferring and exercising sovereign control either in providing added protection to the inhabitants of territory subject to a mandate or greater certainty of international equality in the matter of commerce and trade, the two principal arguments urged in favor of the proposed system.

If the advocates of the system intended to avoid through its operation the appearance of taking enemy territory as the spoils of war, it was a subterfuge which deceived no one. It seemed obvious from the very first that the Powers, which under the old practice would have obtained sovereignty over certain conquered territories would not be denied mandates over those territories. The League of Nations might reserve in the mandate a right of supervision of administration and even of revocation of authority, but that right would be nominal and of little, if any, real value provided the mandatory was one of the Great Powers as it undoubtedly would be...

It may appear surprising that the Great Powers so readily gave their support to the new method of obtaining an apparently limited control over the conquered territories, and did not seek to obtain complete sovereignty over them. It is not necessary to look far for a sufficient and very practical reason. If the colonial possessions of Germany had, under the old practice, been divided among the victorious powers and been ceded to them directly in full sovereignty, Germany might justly have asked that the value of such territorial cessions be applied on any war indemnities to which the Powers were entitled. On the other hand, the League of Nations in the distribution of mandates would presumably do so in the interest of the inhabitants of the colonies and the mandates could be accepted by the Powers as a duty and not to obtain new possessions. Thus under the mandatory system Germany lost her territorial assets, which might have greatly reduced her financial debt to the Allies, while the latter obtained the German colonial possessions without the loss of any of their claims for indemnity. In actual operation the apparent altruism of the mandatory system worked in favor of the selfish and material interests of the Powers which accepted the mandates. And the same may be said of the dismemberment of

In the tentative distribution of mandates among the Powers, which took place on the strong presumption that the mandatory system would be adopted, the principal European Powers appeared to be willing and even eager to become mandatories over territories possessing natural resources which could be profitably developed and showed an unwillingness to accept mandates for territories which, barren of mineral or agricultural wealth, would be continuing liabilities rather than assets. This is not stated by way of criticism, but only in explanation of what took place. . . .

On the other hand, there was a sustained propaganda—for it amounted to that—in favor of the United States assuming mandates over Armenia and the municipal district of Constantinople, both of which, if limited by the boundaries which it was then purposed to draw, would be a constant financial burden to the Power accepting the mandate, and, in the case of Armenia, would require that Power to furnish a military force estimated at not less than 50,000 men to prevent the aggression of warlike neighbors and to preserve domestic order and peace. . . .

Reading the situation thus and convinced of the objections against the mandatory system from the point of view of international law, of policy and of American interests, I opposed the inclusion of the system in the plan for a League of Nations.

Dr. Heinrich Schnee, former Governor of German East Africa, endorses Secretary Lansing's view of the system, though he believes that the "subterfuge" which may not have deceived the members of the conference, did deceive the outside world and thus involved a three-fold deception, upon the German nation, upon the native populations, and upon the general public. As to practice under the system, he asserts that pre-war economic conditions were not reattained in any of the former German colonies until 1926, and then only in the best governed, while "the humanitarian conditions—especially those relating to sanitation and education—are still far behind our standard." Emphasizing the French military policy in her African mandated territories, he says:17

Henceforth, until the conscience of the world awakens in righteous indignation, France will be able to employ the natives of the German colonies, so long as they remain under her rule, as of her other colonies, in warfare of any kind, aggressive or defensive, in any part of the globe, including the European continent. . . . The drafting of late German native subjects into the French army has already begun. . . . Such proceedings turn the whole Mandate project into a horrible mockery. They are in crassest contradiction to all that the

¹⁶Schnee, German Colonization Past and Future, pp. 59-61.

¹⁷ Ibid., p. 99.

League of Nations claims to stand for, above all to that "sacred trust of civilization," to the fulfillment of which the mandatory powers solemnly pledged themselves.

This point of view seems to be fully adopted by the leaders of the Soviet Union. In an interview with foreign workmen's delegates published in *Pravda* for November 13, 1927, Stalin replied to the question, "Why does the Soviet Union not take part in the League of Nations," in part as follows:

The Soviet Union is not a member of the League of Nations and does not participate in the League of Nations, first of all because it does not wish to assume responsibility for the imperialistic policy of the League of Nations, for the "mandates" which are issued by the League of Nations for the object of the exploitation and oppression of the colonial countries. The Soviet Union does not participate in the League of Nations since it stands wholly and completely against imperialism, against the oppression of colonies and dependent countries.

Even among the allied statesmen there have been pessimistic utterances. Lord Milner, former British colonial secretary, perhaps expressed the natural predisposition of an ardent imperialist against any limitation upon Britain's colonial activity when in 1924 he referred to the discouraging influence of the long delay in putting the system into effect and of the return of imperial rivalries.¹⁸

"Had it not been for this," he says, "the mandatory system might have acquired a prestige which would have enabled it to be gradually extended to other portions of the world in which it seems that the native population were incapable, without external aid, of evolving a decent form of government. But fate had willed it otherwise. As things had actually turned out, it seemed to him that the mandatory system, so far from obtaining greater extension was likely as time went on to be contracted and to prove in many cases a mere transitory state. Nevertheless," he added more hopefully, "it remains even in its curtailed and more or less mutilated form—he meant as compared with the original big conception—a very important factor in the international situation."

¹⁸Journal of the Royal Society of Arts, June 27, 1924, Vol. 72, pp. 548–549.

The pessimism which has been expressed by the colonial officers may reflect the imperialism and dislike to any limitations upon discretion natural to the profession.19 It is thus especially significant that Sir Frederick Lugard, described as "a man who for more than a generation has had great faith in the British Empire, a great belief in British commerce and a great trust in British administration," and who at first approached the mandate system with skepticism, after experience on the mandate commission became its supporter. The discussions before this commission he thought "have served and will continue to serve a useful purpose. Each mandatory has been anxious to show that it has not been backward in carrying out its pledges. It is no mean achievement," he added, "that the conquerors have (as Lord Balfour said) agreed to a self-imposed limitation of the sovereignty which they obtained over conquered territories, and consented to the supervision of the League. The high standards embodied in the Covenant must obviously in the future be regarded as

¹⁹See statements by Mr. Amery, British Colonial Secretary, criticized by labor members in Parliament, December 14, 1926, Hansard, 5th ser., Vol. 200, col. 2883, and statement by W. Ormsby Gore, under-secretary for colonies in 1924, Journal Royal Soc. of Arts, Vol. 72, p. 550. "The main obstacle, as he saw it, was the lack of a sense of security in the title of the mandate. Practically all the troubles and difficulties had arisen from that fact. . . . People were suspicious of it. They had it in the back of their minds that such territories might possibly go back to Germany." Contrast this with the same man's attitude before the mandates system had been put in operation and before he was in the colonial office. "There are few, if any, European countries that have not made mistakes in the past in their government of the native races of Africa, and there still exist in the Dark Continent many abuses which require the searchlight of public opinion throughout the civilized world. The example of successful administration in any one of the Mandatory Areas on the basis of 'trusteeship for the Native Races' will go far to encourage the raising of the standard of administration in other parts of Africa to a higher level. The League of Nations will, therefore, have an opportunity of taking a hand in the great task of educating and uplifting the backward races of the world and in securing them against national or individual exploitation by others. While as regards the more highly developed races, such as the Arabs of Mesopotamia, it will be the means of their gradual evolution to restored independent national existence after four hundred years of oppression by an alien conqueror." The League of Nations Starts, pp. 118-119.

principles of general application. . . . The mandates system stands as an international acknowledgment that civilization must be made to mean something higher to backward races than the aims and methods of the development syndicate, or the assiduous cultivation of new wants to afford markets for European commerce."²⁰ A similar optimism has been expressed by statesmen of such varied background as President Wilson, Lord Balfour, and Fritjoff Nansen.²¹ The official attitude of the mandatory governments will be considered presently.

Whas has been the attitude among the peoples of different nations? Materials are not available for an adequate survey. Detailed studies should be made of parliamentary debates, the press, journals of opinion, educational books, such as atlases, gazeteers, encyclopedias, and school textbooks, the publications and proceedings of relevant associations, both national and international. The writer is able to give merely a few indications.

National parliaments of the mandatories have paid attention to the system especially on the occurrence of incidents like the Bondelzwart affair, the Mesopotamian troubles, the Arab-Druse insurrection, and the Mosul dispute. Usually such debates have hinged on questions of responsibility for the trouble and expense, with evident desire of the opposition to make political capital. Debates in the House of Commons in 1921 disclosed a strong opinion favorable to withdrawal from Mesopotamia²² and French Chamber debates on the Druse affair in 1925 brought out considerable sentiment in favor of immediate withdrawal of France from Syria.²³ The

²⁰ Journal Royal Soc. of Arts, Vol. 72, p. 547. See also Lord Askwith's comment, Ibid., p. 550.

²¹Baker, Woodrow Wilson and World Settlement, Vol. 1, p. 268; Balfour, L. of N., O. J., Vol. 3, pp. 546-548; Nansen, in L. of N. Assembly, Records VII, Plenary meetings, infra, note 66.

²²Gibbons, An Introduction to World Politics, 1922, p. 507. During this period there were also repeated efforts by the House of Commons to get the Government to submit the various mandates to it. Some of these debates are reported in Societé des Nations, Revue Mensuelle Documentaire, 1921.

²⁸L'Asie Française, January, 1926, pp. 9-30.

questionnaire issue at Geneva in 1926 precipitated a debate in the British House of Commons on the mandatory principle. The labor members insisted that mandates were trusts and that the conservative government was tending to assimilate them to colonies contrary to the Covenant. The Government denied the charge and reiterated its loyalty to the system.24 On the East African loan question debated at about the same time the labor party induced the Government to introduce an amendment insuring protection for native labor on any works undertaken as a result of the loan, and on the question of confining purchases made with the loan money to the Empire they were more considerate of the open door provision in the Tanganyika mandate than the conservatives. In fact, some of the latter proposed an amendment requiring that purchases be made within the Empire, though the Government induced its withdrawal by declaring that it would effect the policy by executive order.25 Judging from the attitudes of the conservatives and labor parties when in power as well as from parliamentary debates, it appears that the latter has offered a more whole-hearted recognition of the special status of mandated territories and the League's supervisory functions though it has sometimes displayed reluctance to accept mandatory responsibilities.26

Thus within the mandatory states opinion has varied with parties and political exigencies. The average man has not taken a very profound interest in the matter. Judging from his usual sources of information—the press and educational material—he probably does not very clearly distinguish mandated areas from colonies. In Great Britain and France parliamentary and popular interest has probably been the great-

²⁴Hansard, 5th ser., 1926, Vol. 200, cols. 2876-2898.

²⁵Ibid., cols. 2370-2389, 2438, especially Colonial Secretary Amery's remarks, col. 2373, and Mr. Harris's remarks, col. 2377.

²⁶"We want to see the Mandate System, first of all rendered more effective and then extended to all the non-self-governing possessions of the great empires. That actually was a proposal of the British Labor Party, which suggested that the whole of our tropical possessions in Africa should be brought directly under the League of Nations in that form." H. N. Brailsford, Foreign Policy Association, New York, Luncheon Discussion, February 4, 1928, Pamphlet No. 50, p. 16.

The British dominions were originally anxious to annex the areas and apparently much of their public thinks they did. Parliamentary interest was stirred in South Africa by the Bondelzwart affair of 1923 and in New Zealand by the Samoan deportations of 1927.27 In Japan there have been a number of articles on the subject, some of them recalling suggestions that Manchuria be placed under the mandate of Japan.²⁸ To a question at the twelfth session of the mandates commission, the accredited representative of Japan said: "When the budget of the islands was submitted to parliament a discussion on the mandate in general took place. These discussions were never heated, not even as regarded the speeches of the opposition. . . . In view of the great distance separating the islands from Japan and the very small resources they possessed, the Japanese population did not very clearly realize the importance of the mandate. Its interest, therefore, in these islands was not comparable to that shown regarding Formosa and Korea."29

Among the non-mandatory League powers, Italy has taken an especial interest in the mandates. Italians have been led to think that Italy failed to get her share from the victory and to demand compensation. Both France and England have given Italy such compensations in Africa and she has not offered to place the territory given her under mandate. But on the other hand, as the only principal allied power without a mandate, she has sought to make the system real by strengthening the League's control. The Marquis Theodoli, chairman of the commission, an Italian though not an official representative of Italy, has been a vigorous defender of the League's

²⁷Great Britain and the Dominions, Harris Foundation Lectures, 1927, on Australia by Sir W. Harrison Moore, p. 333; on New Zealand by J. B. Condliffe, p. 376; on South Africa by Angus S. Fletcher, p. 453. The important debates are conveniently summarized in *The Journal of the Parliaments of the Empire*.

²⁸Togi Manabe, "Dr. Ariga and the Mandates System," *Gaiko Jiho*, Tokio, Vol. 46, p. 107, 1927. A translation was supplied the writer by Mr. Sterling H. Takeuchi.

²⁹P. M. C., Min., XII, p. 47.

³⁰L. of N., O. J., Vol. 3, pp. 798 et seq., Sir F. Lugard, Journal Royal Society of Arts, Vol. 72, p. 540. W. E. Rappard, Journal of the British Inst. of International Affairs, 1925, p. 223.

competence on mandates questions, of the interests of the natives, and of the open door.³¹ In this he has been perhaps most heartily seconded by the other members of the commission from non-mandatory states. Thus during the extensive debates on economic equality in the twelfth session the members from non-mandatory states were the most vigorous defenders of that régime and M. Orts, a Belgian, felt it necsary "to warn his colleagues against the idea that, as regards the principle of economic equality, the different countries could be classified as being its supporters ready to safeguard it and its adversaries wishing to circumvent it according as they had or had not a mandate."³² The non-mandatory League members in the council and assembly have perhaps manifested most confidence in the system and their attitude has dominated the assembly.³³

Opinion among non-members of the League has been more skeptical. In the United States, though there has been considerable sympathetic interest among scholars, probably the average man follows Secretary Lansing in considering mandates slightly veiled annexations.³⁴ Journals of opinion are inclined to assume an ironic attitude in articles with such titles as "France and Her Black Empire," "Thumbs Down for Syria."³⁵ The Government, though insisting on certain rights as a participant in the War has since 1921 refused to

³¹In accepting the chair at the first meeting of the commission the Marquis Theodoli "thanked his colleagues for the honor which they had bestowed upon him, an honor which reflected on his country, the only non-mandatory power among those permanently represented on the council." P. M. C., I, p. 4. See also his position on the Bondelzwart affair, *ibid.*, Vol. 3, p. 205; on the long questionnaire, Vol. 10, p. 14, and on economic equality, Vol. 12, p. 168.

⁸²P. M. C., XII, p. 69.

³³ During the 22d conference of the Interparliamentary Union, Sir Beddoe Rees of Great Britain said, "The success or failure of this mandatory system will depend very largely upon the non-mandatory powers; there are something like 27 of them represented in this conference. It is for you to criticize the powers who are carrying out mandates under the control of the League of Nations, and therefore I think it is for this Conference to be the watchdog of the mandatory system," Compte Rendu, p. 465. See also, infra, note 65.

⁸⁴Supra, note 15.

³⁵ The New Republic, January 23, 1924; January 19, 1927.

deal with the League on the matter, though invited to do so but has negotiated with the mandatories individually.36 Officials of the Soviet Union and Turkey have expressed hostility to the system.37 In Germany, where a similar attitude might be expected, opinion has been more mixed. A recent survey³⁸ of German periodicals and papers emphasized the strong colonial movement in Germany represented by such men as Schnee, former Governor of East Africa, and supported by "literature and propaganda in the shape of colonial histories, treatises, novels depicting life in Africa and in the South Seas, pamphlets replete with statistics, magazine and newspaper articles . . . telling the Germans more about their former colonies than they ever knew when those lands were German soil." "On the other hand," notes this survey, "both signs of apathy and expressions of positive antagonism to a colonial policy are not lacking today among the German populace as a whole."

There is as yet no official pronouncement of support from either the government or parties, . . . nor is there a definitive promulgation of any plan or program for the recovery of the oversea possessions. From the literature and from the speakers of the movement, one gathers that the present objectives range all the way from the return of the lost territories in toto to Germany, to the more modest restitution of, perhaps, only one colony (preferably East Africa) to be administered as a mandate by Germany, and to the very general granting to Germany of colonial opportunity or economic concession in any part of the world, or else a share in a future internationalization of colonial territories. Whatever the objectives of a colonial policy mentioned in Germany today, however, it is distinctly noticeable that they stress no longer imperialistic or aggressive aims but the economic uses and the cultural responsibilities of oversea possessions. . . . Many financial and economic experts insist that colonial or mandated territories would at present prove too costly for Germany."39

³⁶Wright, "The United States and the Mandates," Mich. Law Rev., May, 1925.

³⁷Statement of Stalin, *supra*, and statement of Tewfic Rouschdy Bey, Turkish Foreign Minister, in relation to the Mosul controversy, in 35th session of the L. of N. Council, September 3, 1925.

³⁸Mary E. Townsend, "The Contemporary Colonial Movement in Germany," *Pol. Sci. Quar.*, March, 1928, Vol. 43, pp. 64-76, Articles on the subject by Millot have appeared in *L'Afrique Française*, 1927-1928.

³⁹Townsend, loc. cit., pp. 65, 74,

The German Government insisted that the Covenant be observed and that as a party to the Treaty of Versailles it had the right to protest to the League on the subject, even before it became a member of the League.⁴⁰ On Germany's entering the League the Council appointed a German on the permanent mandates commission, without, however, arousing great enthusiasm among German colonial advocates. The Kolonialgesellschaft with 25,000 members announced it as a "step forward for Germany, certainly, but as no reason for great joy and as still less reason for expectant hopes that Germany would regain her colonies or acquire mandates."⁴¹

Probably the general attitude in Germany combines resentment at the forced yielding of her colonies just as they were becoming profitable and at the stigma of colonial maladministration cast on her by the Allies, with a feeling that mandates are better than annexation by the Allies and consequently the system should be supported. This has generally been the attitude of jurists and apparently it is also of officials. The Auswärtige Institut of Hamburg sent out a questionnaire to 280 officials in 1927 asking (a) shall Germany strive for colonies, (b) shall she strive for them in the form of mandates, (c) shall she limit her colonial activity to demanding equal rights with other nations in all colonial territories as well as mandates. Only fifty replies were received and they were almost evenly divided between the affirmative and the negative in regard to waging of any colonial activity. The affirmative, for the most part, endorsed the mandate form of colonies as the best that can be done under the circumstances.42

The press appears to have manifested a growing interest. At its tenth session on November 4, 1926, the chairman called the mandates commission's attention to the review of press comments recently distributed which showed "the great interest which public opinion in several countries is taking in the question of mandates. This," he added, "is very satisfactory, for perhaps in no other field of League work is the

⁴⁰L. of N. Assembly I, Plen. Sess., p. 213; O. J., Vol. 8, pp. 316-317. ⁴¹Der Kolonialdeutsche (Organ of the Kolonialgesellschaft) September 15, 1927, cited Townsend, *loc. cit.*, p. 73.

⁴²Europaische Gesprache, December, 1927, cited Townsend, loc. cit.,

support of well informed public opinion more vital than in the matter of mandates."⁴³ It should not be inferred, however, that newspaper comment has always been favorable. Like parliaments, the press has given most attention to dramatic incidents which often reflect on the success of the system. Undoubtedly the publicity of the League's proceedings assures more publicity to hostilities and violent controversy in mandated areas than in colonies, a situation which while assisting in the elimination of abuses, may give the public a distorted impression of the relative amount of unrest in mandated and other backward areas.

The situation with respect to educational and reference books indicates anything but adequate public understanding of the mandates system. An article in La Paix par le droit in February, 1927, by M. Proudhommeaux, draws attention to the scant respect paid to the mandates system by school textbooks. "We have discovered," he reports, "with nothing short of stupefaction that seven years after the signature of the Treaty of Versailles and the establishment of the League of Nations, most of the geographical textbooks intended for primary and secondary schools systematically ignore the colonial mandates and regard them as nothing more than a form of annexation. . . . Thanks to our textbooks on geography, one whole generation of French people will be persuaded, from what they have learnt at school, that Togoland, the Cameroons and Syria have been purely and simply incorporated in the colonial domain of France. It is useless to insist on the possible consequences of this disastrous error."44 This statement was considered by the mandates commission at its twelfth session and though the members generally realized the importance of the matter the feeling was unanimous that it should be considered by the committee on intellectual cooperation rather than the commission. During the discussion M. Rappard informed the commission that certain of the French geography texts had been prepared by M. Maurette of the International Labor Office and on the latter's

⁴³P. M. C., Min., Vol. 10, p. 10. The Marquis Theodoli of the mandates commission emphasized the importance of world public opinion, *ibid.*, Vol. 6, p. 140, as did Mr. Huntington Gilchrist, of the mandates section in an article in the *Advocate of Peace*, 1926, p. 170.

attention being drawn to the matter he had explained "that the textbooks in question had been issued several years before the war and had been rapidly and imperfectly reëdited at the close of hostilities. New editions, however, would certainly show that the statements regarding mandated territories had been corrected." Mr. Grimshaw said he had noted many deformations of the mandates idea in British school manuals and had drawn the matter to the attention of the League of Nations Union with the suggestion that they point out the errors to the editors as there existed no official school manuals in Great Britain.45

A similar criticism of official and unofficial European atlases has been made by Lieutenant-Colonel Lawrence Martin, an American geographer, who notes that in the United States alone do atlases ordinarily distinguish mandated territories from colonies.⁴⁶

"It is important to record," he writes in an introduction to the texts of the peace treaties, "that, whether by accident or by design, the latest editions of the principal foreign atlases uniformly treat mandates as if they were colonies, dependencies or protectorates of the several mandatory powers. . . .

"The political maps of the continent of Africa as a whole, and the detailed maps of parts of this continent, in atlases published by British, French and Italian map-houses since the World War are illustrative of this treatment of mandates as colonies. It is interesting to note, also, that the leading German atlas treats the mandates over the former German colonies in Africa as if they were possessions of Great Britain, France, or Belgium.⁴⁷

"Likewise in all these atlases the mandates over the former German and Turkish possessions in the Pacific Ocean and in the Arabian Peninsula of Asia are shown uniformly as if they were British,

⁴⁴La Paix par le drôit, Vol. 37, pp. 60-65, quoted P. M. C., Min. XII, p. 13.

⁴⁵ Ibid., pp. 15, 99.

⁴⁶The Treaties of Peace, 1919-1923, N.Y., Carnegie Endowment for International Peace, 1924, pp. xxii-xxiii. The two following notes are by Martin.

^{47&}quot;See Bartholomew's 'Times Survey Atlas of the World,' 1922, Plate 68; Schrader and St. Martin's 'Atlas Universel de Geographie,' 1923, Carte 53; Baratta-Visintin's 'Grande Atlante Geografico,' 1922, Carta 67; Andree's 'Allgemeine Handatlas,' 1922, Seite 172–173; see also map facing p. 1 in the Belgian 'Annuaire Officiel, pour 1923, issued by the Ministere des Colonies."

Japanese or French possessions rather than mandates. Philip's 'New Commercial Map of the World on Mercator's Projection' equatorial scale 1:20,000,000, published in London, marks the mandates separately under the caption, 'Boundaries of Territories administered by or under Mandates of the League of Nations'; but Bartholomew's 'Chart of the World on Mercator's Projection,' equatorial scale 1:23,000,000, published in Edinburgh, shows no mandates whatever in Africa, the Pacific Ocean, or Arabia, including all fourteen mandates in the colors which cover the adjacent British, French, Belgian, and Japanese possessions.

"Quite in contrast, the official American maps, published since the World War, which cover the mandates, and the best American postwar atlas, all agree in showing the mandates in Africa, in the Pacific Ocean, and in Asia as separate administrative entities rather than as possessions of Great Britain, France, Belgium or Japan." 48

The Statesman's Year Book, a well-known British manual, treats the B and C mandated areas with the colonies of the mandatory but gives an independent position to the A mandated areas. The most recent edition of the Encyclopedia Britannica contains an excellent article under the head "Mandates" by Sir Frederick Lugard.

A considerable number of associations, both national and international, have taken an interest in the mandates system. While some of them refrain from passing resolutions, others commit themselves to definite opinions. In the former class one may gather the tone of the association's opinion somewhat from its publications. Thus in the articles and discussions published by such national and imperial associations as the British Round Table, the Royal Colonial Institute, Le Comite de L' Afrique Française and Le Comite de l'Asie Française one finds a tendency to minimize the distinction between mandates

⁴⁸"See U. S. Army's map entitled 'Europe and Asia Minor, with inserts of Africa and Oceanica,' January 15, 1921; *ibid.*, 'The Pacific,' 1921, scale 1:23,546,157; *ibid.*, 'The Atlantic,' 1923, scale 1:23,443,200; Department of State's 'Map of the Pacific, showing Sovereignties, Mandates, and Claims,' 1921; U. S. Tariff Commission's 'Colonial Tariff Policies,' Government Printing Office, Washington, 2nd edition, 1922, maps facing pp. 4, 26, 310; *ibid.*, 'Territories held under mandates of the League of Nations,' pp. 10–12, and 'present status of former German colonies and of other mandated territories,' pp. 265–278; U. S. Navy's 'Outline Chart of the World,' Hydrographic Office, No. 5188, June 2, 1923; *ibid.*, No. 1262a, October 1, 1923; Goode's 'School Atlas, Physical, Political and Economic,' 1923, pages 84, 87, and 94."

and colonies though statements are usually formally correct,⁴⁹ while in the publications of associations devoted to international law and relations like the Grotius Society, the Royal Institute of International Affairs, the Society of Comparative Legislation and International Law, the distinctive features of the mandates are apt to be emphasized.⁵⁰ American organizations of the latter type like the American Society of International Law, the Council on Foreign Relations, and the Foreign Policy Association, have stressed the significance and novelty of the mandates system in their publications.^{50a}

Among unofficial associations of an opinion-forming character, those devoted to protection of indigenies, peace and international coöperation have taken an interest in the mandates system, generally favorable. The British Anti-slavery and Aborigines Protective Society is, perhaps, the most important of the first type. In February and April, 1921, it passed resolutions urging that the system be put into full effect as soon as possible.⁵¹

Since then it has taken a steady interest in the system, its officers have written favorably of it, and on several occasions it has sent memoranda to the League suggesting measures in the interest of the natives. Its policy is to strengthen the League's control.⁵²

⁴⁰See The Round Table, Proceedings of the Royal Colonial Institute, United Empire, L'Afrique Française, L'Asie Française.

50Transactions of the Grotius Society The British Year Book of International Law, Journal of the Royal Institute of International Affairs, Journal of Comparative Legislation and International Law.

^{50a}American Journal of International Law and Proceedings of American Society of International Law, Foreign Affairs (U. S.), Foreign Policy Association, Information Service, The leading international associations of this type, l'Institut. de droit international, and the International Law Association, have dealt very little with the mandates in their publications.

⁵¹See the Anti-slavery Reporter and Aborigines Friend, April-July, 1921; Soc. de Nations, Rev. Men. Doc., Vol. 3, pp. 304, 483.

524 Some of our main work had been concentrated upon the question of the mandates. It had been truly said that the mandatory system opens a new door and establishes a new principle but if it is a new chapter, it takes a very long time to open, and while progress has been made and certain steps have been taken, yet a good deal more requires to be done and it was our duty as a society to continue to press the

The attitude of the peace societies is illustrated by the resolution submitted to the twenty-fifth Universal Peace Congress in August, 1926, which asserted that the mandates system "represented an appreciable progress in the field of colonial policy." This resolution endorsed the system because it laid down that colonial policy may not be carried on solely in the selfish interest of a single state, provided a control which aimed to prevent the exploitation of indigenous races and created the possibility of putting an end to colonial dependence when the indigenous race is developed sufficiently to govern itself. It recommended the extension of the system to all colonies.

Among the important unofficial societies devoted to the promotion of international cooperation is the Interparliamentary Union. It has given serious study to the mandates system since its twentieth session in 1922. In the following session a resolution was passed "registering the conference's satisfaction at the institution of colonial mandates, whereby a new phase of colonial policy is inaugurated in accordance with the principles of the League of Nations Covenant." The resolution "most heartily approved the creation of the Permanent Mandates Commission whose duty is to control the proper administration of mandates" and expressed the earnest hope that the mandatory powers may fulfill their "sacred mission of civilization" and that "the institution of colonial mandates may prove a powerful factor in the establishment of world solidarity and the maintenance of peace." While "approving the general principle of mandates" the conference referred the question of possible improvements to its permanent commission on racial and colonial questions whose report to the

question of the mandates until we got a satisfactory adjustment." Charles Roberts, president of the Society in meeting, April 27, 1921, supra, note 51. See also John H. Harris, organizing secretary of the Society, The Mandates System after Five Years' Working, 1925, and Charles Roden Buxton, vice-chairman of the general committee of the society, The Exploitation of the Colored Man, 1925, both printed under the auspices of the Society. The Society has presented memoranda on the mandates commission on native lands, the Bondelzwart rebellion and the Samoan deportations, P. M. C., Min., II, pp. 88-90, III, pp. 287-288, XII, p. 196.

⁵³²⁵me Congres Universel de la Paix, August, 1926.

twenty-second conference in 1924 was adopted. This resolution considered that the "system could only be crowned with full success through loyal and disinterested cooperation between the League of Nations and the mandatory powers in accordance with Article 22 of the Covenant," and recommended an enlargement of the powers of the Assembly to modifying and revoking mandates and of the Permanent Mandate Commission to inspection of mandated areas on the spot and to the establishment of direct relations with the Assembly and with the mandatory powers. It also recommended that C mandates be assimilated to B mandates, that all mandated areas have full fiscal autonomy, that the right of petition be unrestricted, that the land of a mandated territory be not mortgaged for security and natural resources be given in security only with the assent of the Assembly, that native recruitment be restricted to police forces for the defense of the mandated territory that the open door principle be extended to all mandated territories and to the benefit of all states, and that reports of the mandatories be more detailed. It further requested its committee on racial and colonial questions to consider the "question of extending the principle of colonial mandates to other regions . . . in the interest of the peace of the world and of the well being of coloured races."54

Of the various unofficial associations supporting the League of Nations the British League of Nations Union has taken an especially active interest in the mandates question. On January 20, 1922, it resolved that "the mandatory system should be forthwith brought into full operation in Africa and provisionally in Asia." During the Syrian insurrection of 1925 it passed a resolution, later considered by the Permanent Mandates Commission, suggesting that a mandatory should immediately notify the League if "it finds it necessary at any time to suspend its ordinary laws." The Union's publications indicate confidence in the system. "Soon," writes Miss Freda White, whose book is sponsored by this organization, "the

⁵⁴Interparliamentary Union, 20th session, 1922, Compte Rendu, p. 55, 22d sess., 1924, pp. 68, 667. See also Soc. des Nations, Rev. Men. Doc., 1924, Vol. 6, pp. 47, 664.

⁵⁵Soc. des Nations, Rev. Men. Doc., 1922, Vol. 4, p. 298; P. M. C., Min., XII, p. 152.

mandatory system will have reached the period of steady, gradual growth. Its principles are defined already; the fine work of the mandates commission has ensured its actuality in international affairs; its application in the territories, on the whole, is well begun. But it will be long enough before it comes to perfection, and in the meantime the surest guarantee of its sound development would be general interest and knowledge."⁵⁶

The Federation of League of Nation Associations which includes this and similar organizations in other countries has also passed resolutions on the mandates question. In June, 1921, it insisted that "Article 22 of the Covenant be applied in the letter and the spirit by the mandatory states" and that the system be put in full effect as soon as possible. It urged the Permanent Mandates Commission to give especial attention to the question of developing self-government in mandated territories.⁵⁷

Perhaps the best evidence of world public opinion is to be found in the resolutions and debates of the League of Nations Assembly itself. As will be noted in the next section, these have from year to year expressed increasing confidence in the mandates system.⁵⁸

The data considered perhaps justifies the following conclusions, (1) Learned opinion is generally favorable to the mandates system, (2) Humanitarian, peace and internationally minded groups support the system, (3) National, colonial and imperial minded groups are frequently skeptical, (4) The average man knows little about the subject and hardly distinguishes mandates from colonies, (5) Moderate political parties tend to support the system while extreme reactionaries and extreme radicals are hostile or skeptical, (6) Public opinion within League of Nation members has been more favorable than outside, (7) Within the League, opinion in non-mandatory powers has been more favorable than in mandatory powers, (8) The most vigorous criticism has come from groups within the expropriated powers, from imperialists within the mandatories and from radical agitators, though even these

⁵⁶ Freda White, Mandates, pp. 176-177.

⁵⁷Soc. des Nations, Rev. Men. Doc., 1921, Vol. 3, p. 586.

⁵⁸Infra, note 66.

groups have not been unanimously against the system. In general it appears that the majority of people are favorable or indifferent. Opposition comes from special interest groups. The system has commended itself to reasonably informed people without an axe to grind.

2. ATTITUDE OF THE LEAGUE OF NATIONS

Have the League agencies themselves taken the system seriously? Their attitude has been disclosed by their actions and they have labored to make the system a success. There seems to have been from the first a recognition within the League that the mandates would be its first acid test. 59 The skeptic looked at them as veiled annexations and not a little in the Peace Conference confirmed this view. With the passage of time the veil would naturally wear out rather than become a fabric discernible to the disillusioned eye of the world and to the equally scrutinizing if differently placed eyes of the mandatories and the natives. Thus the League has bent its efforts to make the system a reality. "The machinery of the mandates commission," said Lord Balfour in the Council, "the machinery of the Council of the League of Nations, and the machinery of the Assembly of the League are all contrived to make it quite impossible that any transaction of general interest should take place except in the full glare of the noonday sun of public opinion."60

But beyond publicity there has been continuous discovery of facts and supervision. The mandates section of the secretariat has received and collected material about the mandates including not only reports from the mandatories but also petitions and comments from other sources. The mandates commission, the majority of whose members are natives of non-mandatory states, have independently examined the reports of mandatories, cross-examined their representatives, prepared reports meticulously pointing out abuses and sometimes formulating

⁵⁹Memorandum of Sec. Gen., July 30, 1920, Assembly Doc., 161, December, 1920, p. 11. (Responsibilities of the League arising out of Article 22.)
See also Rappard, P. M. C., Min. I, p. 6; Vol. 5, p. 10.

⁶⁰¹⁸th sess. of Council, L. of N., O. J., Vol. 3, p. 547; Levermore. League of Nations Year Book, 1923, Vol. 3, p. 129.

general principles. The Assembly has discussed and given wide publicity to the more important of these abuses. The Council has not failed to give practical effect to most of the recommendations of the Mandates Commission and, before confirming the mandates, has scrutinized them with lawyer-like care and made efforts to bring them into conformity with Article 22 of the Covenant, although it must be confessed that it has not been embarrassingly insistent upon changes which would upset difficult political compromises.⁶¹

These activities cannot be considered in detail. Suffice it to say that they disclose differences in the attitude of the various League organs. These organs are not all eventually responsible to a supreme authority. They are mutually independent. The League's organization exemplifies the American theory of separation of powers rather than the European practice of unified responsibility. The Assembly, the Council, the mandates commission, the secretariat, and the court all enjoy certain independent powers under the Covenant, the mandates and other constitutional documents.⁶²

The Council, which has the major control, contains three mandatory powers among its permanent members, a fourth mandatory power, Belgium, up to 1927 occupied one of the elective seats and though the three mandatory dominions have not been members of the Council and theoretically are not represented in League activities by the British Empire representative they are under the Covenant entitled to temporary membership while their interests are being discussed and their interests have in fact been actively supported, at least by the

⁶¹The council contented itself with mild comment on the privilege of recruiting natives in case of general war in the French African mandates, and did not object to the incorporation of the Balfour Declaration in the Palestine Mandate nor to the selection of A mandatories without making the wishes of the natives "a principal consideration" though all of these seem contrary to Article 22. The Permanent Mandates Commission has mentioned these matters but considers itself incompetent to go back of the mandates approved by the Council to Article 22.

⁶²See Report on Relation of the Council to the Assembly, L. of N. Assembly, Records I, first committee, pp. 12, 93, 95 and Plenary Meetings, pp. 318-320. See also remarks of M. Rappard, Director of the Mandates Section, on the difficult position of the Secretariat when other organs of the League disagree, P. M. C., Min. III, p. 11.

conservative Government of Great Britain. The British member of the Council has even suggested that he might represent them in the absence of their own delegates. Thus the Council has represented the mandatories' point of view to a considerable extent. Italy, the only principal ally without a mandate, has furnished a useful check though she is also a colonial power. Germany can perhaps be expected to do likewise. Sweden whose representative has often been rapporteur on mandatory affairs has shown a persistent desire to support the commission, and a certain esprit de corps of the Council, springing from the frequency of its meetings and the continuity of its personnel as well as from the fact that the majority since 1922 has been non-mandatory, has prevented it from being merely a rubber stamp for the mandatories. It has occasionally modified the commission's recommendations in accord with the mandatories' desires and has always, in important cases, been ready to delay action until these desires were known but it has usually supported the commission. In cases where two or more mandatories have disagreed this would be the natural solution.63

⁶⁸Urging a strengthening of the powers of the commission as against those of the Council, H. N. Brailsford, of the British Independent Labor Party, pointed out that "the council is dominated by the great imperial powers. . . . When you compose your governing council of the empires themselves, inevitably the interests of empire, the assumptions of empire, the ethics of empire will govern . . . its decisions." With this Sr. de Madariaga, formerly of the League Secretariat, said he had agreed on first reading Article 22 of the Covenant. It seemed to him "by far the worst fig leaf of the whole show." "I am now," he added, "bound to confess that I was wrong. The mandates commission has achieved so much that we want it to achieve more, and the criticisms that are directed to the mandatory regime of the League are today, in my opinion, only a proof of the confidence in its workability which has grown up among many of us. We are finding it incomplete, but that is because we are finding it alive. At first, so far as I was concerned, I thought it would not be worth criticizing. I have seen it at work, I believe it is a very courageous commission. It considers itself, as it has every right to do, a free and independent commission having its charter from the Covenant, appointed of necessity by the Council but not by the members of the Council, composed of men who must be free from their governments, and therefore not officials, and free to advise the Council on whatever they want the Council to be advised and not on

The mandates commission has displayed the characteristics of a technical body. Even the citizens of mandatory states in its membership have wished to maintain its independence and impartiality. Suggestions that it is but a tool of the Council have been promptly denied by reference to its express establishment by the Covenant. It has little interest except in an impartial application of the system and although its members have sometimes differed as to the scope of its powers, as to the interpretation of the mandate principles and as to the best means of making them effective in the various territories, there seems little doubt that they have honestly tried to make these principles their guide. The commission is the real center of the system. Upon it alone can the natives rely. The Council is not likely to do more for them than the commission recommends. Though the Assembly may voice their interest it cannot directly affect the policy of the mandatories except through the commission and the Council. Secretariat officials may acquire knowledge but they can make it effective only through passing it on to commission members.

Though the Assembly and the secretariat exercise only an indirect influence, their importance should not be underestimated. The alertness of certain members of the Assembly, especially those of race or civilization allied to the peoples under mandates, can be relied on to disclose serious abuses and force the Council to institute an investigation through the commission. Most of the members of the League have no colonies and can afford to rejoice over limitations upon imperialism. Even in imperial states most of the citizens take little interest in colonies. Equality of man and self-determination of peoples, conflicting though they may be, appeal equally to the sentiment of the day and both seem to be given

what the Council wants advice." Foreign Policy Association, New York, Luncheon Discussion, February 4, 1928, Pamphlet No. 50, pp. 7, 12.

⁶⁴See activity of Haitian delegate on native rights and especially on the Bondelzwart affair, Records of 1st Assembly, 1920, 30th Plenary Meeting, p. 715; 2d Assembly, 1921, 17th Plenary Meeting, p. 355; Levermore, op. cit., 1923, Vol. 3, pp. 276, 278, and remarks of Srinavasa Sastri of India in the 2d Assembly, September 12, 1921, on the denial of the open door in C Mandates commented on by M. Rappard, Journal of British Institute of International Affairs, Vol. 4, p. 218.

some recognition by the mandatory system. Thus the Assembly can be relied upon to support all proposals to strengthen the League's supervision.⁶⁵ It has never failed to express its full confidence in the commission and where the Council has shown an inclination to wink at abuses by the mandatory or block proposals in the commission has sometimes passed resolutions strengthening the latter's hand.

Thus the first Assembly sought to protect the members of the commission from dismissal without Assembly consent and to prevent the mandatories from securing military or commercial advantage from the mandate. The second Assembly urged confirmation of mandates at the earliest possible moment and respect for the principles of the Covenant in the territories even prior to confirmation. The third Assembly urged investigation of the Bondelzwart affair and definition of a system of petition. The fouth Assembly again referred to the Bondelzwart incident and urged a special effort to ameliorate the condition of the natives. The fifth Assembly drew attention to the right of petition and urged wider publicity for mandatory reports, rapid definition of principles in regard to loans and liquor traffic and the presence of responsible officials of the territory before the commission. sixth Assembly urged that the benefit of special international conventions be extended to mandated territory. The seventh Assembly confined itself to a general expression of confidence in the commission, although animated debates in the sixth committee and in the Assembly indicated wide sympathy for the position of the commission in the pending difference with the Council over the new questionnaire and the hearing of petitions. "I desire to say," said Mr. Nansen, of Norway, "that by the resolution which is now before it the Assembly is expressing its confidence in the mandates commission both in respect to the work which has been done in the past year and that which confronts it in the year to come and that it is expressing its approval of the action taken by the Commission during all its sessions both ordinary and special held during the past year." The eighth and ninth Assemblies urged more

⁶⁵As has been noted, the Interparliamentary Union favors increasing the Assembly's functions in the mandates system, *supra*, note 54. See also *supra*, note 33.

rigorous enforcement of the liquor traffic provisions in B and C Mandates and especially commended the mandates commission, and the latter urged in addition active consideration of the question of economic equality in mandated areas and the completion of statistical tables for judging the results of mandatory administration.⁶⁶

Members of the Assembly have frequently expressed approval of the mandates system in debate. Dr. Nansen, of Norway, who has usually been rapporteur to the Assembly on mandates questions, has never failed to draw particular attention to the importance of the system. His remarks on September 25, 1926, well illustrate the Assembly's point of view.

"The Assembly," he said, "is also, as I understand it, expressing its unabated confidence in the rightness of the mandates system, by means of which, we all believe, the mandatory Powers may be able to build up new principles of coöperation between the advanced and backward peoples of the world for the mutual benefit of both. No one who follows these matters can doubt that these relations constitute one of the gravest of the problems which the twentieth century has to face, and that toward its solution the Mandates Commission may have a great contribution to make."

The secretariat section on mandates which is always in touch with the situation, knows the documents and history and keeps abreast of periodical and technical discussions of the question is in a position to influence the commission by supplying information though it attempts to observe the utmost impartiality in this work.⁶⁷ Its international character and natural interest in maintaining the prestige of the League give ample assurance that its influence will be in the direction of supporting the system.

The Permanent Court of International Justice has no immediate control of mandatory policy but the fact that it is the final authority on disputes over the interpretation of the mandates is a valuable safeguard against destructive interpretations by the mandatories. The three cases involving mandates which

⁶⁶The Assembly resolutions are reported in the Records of the Assemblies now published as supplements of the League of Nations Official Journal and in the annual Assembly Number (October) of the Monthly Summary of the League of Nations.

⁶⁷ Rappard, P. M. C., Min. II, p. 5.

have come before it, all relating to the Mavromatis Palestine concession, indicate its willingness to give its compulsory jurisdiction in this regard a sufficiently broad interpretation and to be unaffected by the relative power of litigants before it.

We may conclude that the League organs vary in their attitude toward the mandates system but have generally shown an inclination to support it against assaults by the mandatories. Have their efforts been appreciated by the natives?

3. ATTITUDE OF MANDATED PEOPLES

In most of the mandated regions education, communications and social organization are so undeveloped that there is nothing which can be called public opinion. The opinion of very few of the natives extends beyond private, family, local or tribal matters. The native culture is so remote from that of the western world that the people or even the chiefs do not readily understand the League of Nations or the mandate system. Even the words are unknown to most. It certainly cannot be said that the new régime has been received with enthusiasm in any of the territories. Native disturbances have occurred in most of them since the war and in Syria and Southwest Africa insurrections of considerable seriousness have taken place since confirmation of the mandates.

To the Arab nationalists of Palestine, Syria and Iraq the system was at first associated with the breach of allied pledges for a united Arab state, with repressive French and British

⁰⁸In his original memorandum of December 17, 1918, General Smuts wrote: "The German colonies in the Pacific and Africa are inhabited by barbarians who not only cannot possibly govern themselves, but to whom it would be impracticable to apply any idea of political self-determination in the European sense," thus he suggested that the mandates system be applied only to "territories formerly belonging to Russia, Austria and Turkey." (The Nation, N.Y., February 8, 1919, p. 227.) Even in the Arab countries political opinion is organized among only a small part of the population.

⁶⁹On the Bondelzwart affair in Southwest Africa see P. M. C., Min. III and the Druse insurrection in Syria, *ibid.*, VIII. A minor revolt was reported in Ruanda in 1922, (*ibid.*, III, pp. 96, 313) and in Western Samoa in 1927. (*Ibid.*, XII, pp. 105-110, 123, 126-127, 203.)

military measures and with the hated Zionist program.⁷⁰ Today they understand the League of Nations very little but believe it has ignored their petitions, has palliated such atrocities as the bombardment of Damascus, and has by the word mandate bracketed them with African tribes of inferior civilization and instead of preparing them for independence has led to their economic and political retrogression.⁷¹

The term mandate was so unpopular in Iraq that upon recognition of Feisal's government, the British found it convenient to abandon it in the country and to assert that Iraq had become independent, its relation with Great Britain being governed only by the Anglo-Iraq Treaty.⁷² In this the British Government gave heed to the opinion of its agents on the spot:

"The king and the Naquib," wrote Miss Gertrude Bell in 1920, "have proclaimed to the listening universe that they will never, so help them God, accept the mandate. His Majesty's Government have replied that they can conclude no treaty except by reason of the right to do so given to them by the League of Nations, i.e., the mandate. I think I've said before, but anyway, I'll say right here, that I'm convinced that no country in the world can work a mandate.

... The Arabs won't submit to any diminution of their sovereign rights such as being placed in tutelage under the League of Nations. They are ready to exercise those rights in such manner as to bind themselves by treaty to accept advice in return for help." 73

In Syria and Palestine, the Arab nationalists who constitute the bulk of the population regard the system as but another name for older forms of imperial control.

"The mandates system imposed on our countries," wrote the Syro-Palestinian Congress to the 6th Assembly of the League, "cannot achieve the praiseworthy ends aimed at by the League of Nations. In practice and owing chiefly to the way in which it is applied, the mandate has only led to their political and economic retrogression.

⁷⁰See Wright, "The Palestine Problem," Pol. Sci. Quar., Vol. 41, p. 388, et seq.; "The Bombardment of Damascus," Am. Jour. Int. Law, Vol. 20, pp. 263 et seq.; "Syrian Grievances," Current History, February, 1926, Vol. 23, pp. 687-693.

⁷¹See typical petitions from Palestine, P. M. C., Min. VII, p. 160, IX, p. 203, and from Syria, VIII, p. 174, X, p. 189, XI, p. 195.

⁷² Wright, "The Government of Iraq," Am. Pol. Sci. Rev., Vol. 20, p. 765.

⁷³Gertrude Bell, Letters, Vol. 2, p. 643-644.

In its essence it is a system of colonization pure and simple, instead of being a means of helping these countries towards the attainment of the dearest of their aspirations—complete independence."⁷⁴

The Jews of Palestine in general support the system, though they feel that the League is not sufficiently energetic in requiring the mandatory to fulfill its obligations in reference to the Balfour Declaration. The Christian communities, though containing many ardent Arab Nationalists, are in the Lebanon less hostile to the mandatory and the system than the Moslems and Druses.

In Central Africo and the Pacific Islands there is no evidence that the natives as yet distinguish the system from older forms of imperial control. The right of petition has been very little utilized, practically only by ex-German settlers who have gained no satisfaction by it and view the mandates system as a crude bit of hypocrisy designed to reconcile their expulsion and expropriation with Wilsonian phrases. In Southwest Africa alone have the ex-Germans been allowed to remain and here they have been practically forced to accept South African citizenship.⁷⁵

Some effort was made in 1918 to get the opinion of the natives of former German territories under British occupation upon their Government, but the results were unconclusive. The Allies found in this report justification for depriving Germany of all here colonies, 77 and the report seems to

⁷⁴P. M. C., Min. VIII, p. 174.

⁷⁸L. of N., O. J., 1923, Vol. 4, pp. 568-572, 603, 659, and Wright, "Status of the Inhabitants of Mandated Territory," Am. Jour. Int. Law, Vol. 18, p. 314.

⁷⁶Correspondence relating to the Wishes of the Natives of the German Colonies as to their future Government, Br. Parl, Pap., Colonial Office, 1918, Cd. 9210, and Report on the Natives of Southwest Africa and their Treatment by Germany, *ibid*. Cd. 9146.

^{77&}quot;The Allied and Associated Powers are satisfied that the native inhabitants of the German Colonies are strongly opposed to being again brought under Germany's sway," Allied note to Germany, June 16, 1919, U. S. Sen. Doc. 149, 66th Cong., 1st sess., p. 102. See also p. 118. In his original proposal of the mandates system, General Smuts said the natives of the German Colonies "might be consulted as to whether they want their German masters back, but the result would be so much a foregone conclusion that the consultation would be quite superfluous." The Nation, N.Y., February 8, 1919, p. 227.

indicate that the chiefs interviewed in Cameroons, Togo, Southwest Africa, Samoa and Nauru expressed a preference for British rule. In East Africa and New Guinea the report is far from convincing and German writers interpret it as an indorsement of their Government. In June, 1921, after the mandate had been in effect for six months the Samoan native Council was so dissatisfied with New Zealand that it petitioned the King of England to put them under the colonial office. From such evidence, private communications of natives to former German missionaries and colonists, and the reception accorded to such persons who have returned, Dr. Heinrich Schnee, former German Governor of East Africa concludes:

The small community of Samoan people is the only group of inhabitants of the German Colonies which is sufficiently organized politically to be in a position to express its wishes in a united manner calculated to make a strong public impression. Such united protests are unthinkable in the other colonies, where the natives are on a lower plane of civilization and divided into numerous petty tribes. Nevertheless, sufficient evidence comes from all the former colonies that the natives are weary of mandate administration and long for the return of the Germans."80

The evidence presented hardly supports this sweeping assertion. Probably the natives distinguish little between their former and present administrators and none at all between the constitutional system formerly and now prevailing.

4. ATTITUDE OF THE MANDATORY GOVERNMENTS

Have the mandatory governments supported the system? Lord Milner noticed in 1924 that the "spirit of cordial and unselfish coöperation" attained by the Allies during the war had during the protracted period of putting the system into effect been "not always apparent" but "very often submerged

⁷⁸Schnee, German Colonization, Past and Future, chap. viii. With respect to East Africa, this contention is hardly supported by the observations made on the spot by Buell in 1925-1926. (The Native Problem in Africa, N.Y., 1928, Vol. 1, pp. 448, et seq.)

⁷⁹P. M. C., Min. XII, p. 123.

⁸⁰ Schnee, op. cit., p. 170.

by a return of the old rivalries and ambitions."⁸¹ Since the system has been in effect, have the mandatories been willing to assume the burdens it imposes without material reward? It is notable that Armenia which lacked material resources went begging for a mandatory.⁸² Lord Balfour has repeatedly pointed out that the mandatory system cannot succeed if it so worked as to impose an actual loss on the mandatory.⁸³ British public opinion in the face of overwhelming budgets has given much concern to the subject of profits and necessary expenses of the mandate in Mesopotamia.⁸⁴ The French Parliament has commented acrimoniously on expenses in Syria.⁸⁵ The Honorable Ormsby-Gore of the British Colonial Office says "it is difficult to get a penny out of the Treasury for the colonies; it is still more difficult to do so for the protectorates; and it is quite impossible to do so for mandated territories."⁸⁶

Doubtless a mandatory is entitled to recoup the necessary expenses of administration from the mandated territories. The Permanent Mandates Commission has made it clear, however, that the mandatory is entitled to no more. If the revenues of the mandated territory show a surplus at any time, such surplus may be utilized only for the good of the territory. Countries have heretofore been willing to meet large colonial deficits because of the advantages colonies afforded their citizens for profitable trade and capital investment in time of peace, and because of the national advantages of strategic position, military resources and necessary raw material in time of war. Yet under the principle of the open door, unquestionably applicable to B mandates, in most respects to A mandates, and, according to the Japanese conten-

⁸¹ Journal of the Royal Society of Arts, June 27, 1924, Vol. 72, p. 548.

⁸²The United States Congress refused to accept the mandate on June 1, 1920, and the League of Nations did the same, O. J., 1920, Vol. 1, No. 8, p. 89.

⁸³L. of N. Assembly Records, I, 1920, 30th Plenary Meeting, p. 721.
84Lee, The Mandate for Mesopotamia and the Principle of Trusteeship in English Law, League of Nations Union, 1921.

⁸⁵Supra, note 23.

⁸⁶ Journal of the Royal Society of Arts, Vol. 72, p. 550.

⁸⁷ Palestine Mandate, art. 28, Syria Mandate, arts. 15, 19, P. M. C., Min., XI, pp. 173, 192.

⁸⁸P. M. C., Min. I, p. 14; Lee, op. cit.

tion, which has, however, not been generally accepted, to C mandates,⁸⁹ the former of these advantages would seem doubtful and under the demilitarization provisions mandates would seem a military liability rather than an asset.⁹⁰ If these provisions are enforced, may not mandatories show an inclination to resign? It is interesting to notice that in the United States, different from Great Britain, the legislation of most states allows the trustee, to which a mandatory has been compared, to receive remuneration for his services.⁹¹

However, the open door does not apply in C mandated territories and even where it does it is chimerical to suppose that it will or can be so rigorously enforced that nationals of the mandatory will not enjoy a certain advantage through greater familiarity with the administration. Certainly it has not in practice. The open door aims to prohibit only unfair competition and thus does not exclude advantages coming to citizens of a mandatory from closer acquaintance with local conditions. No mandatory has resigned though there have been occasional press rumors that such action was contemplated. But have they loyally submitted to the restrictions of the system? Have not the "imperial ambitions" referred to by Lord Milner made them restive?

The mandatory dominions of the British Empire never concealed their desire for outright annexation. Statements assimilating C mandates to annexation have not been uncommon among their representatives. This restiveness was especially noticeable in their comments upon the more searching questionnaire prepared by the commission in 1926. The

⁸⁹P. M. C., Min. I, p. 36; Vol. 3, p. 83.

⁹⁰ Ibid., I, p. 24; Rec. of 1st Assembly, 30th Plenary Meeting, Recommendation, 4, p. 725.

⁹¹The common law agency differs from the Roman law mandate in presuming remuneration for the agent, Holland, *Jurisprudence*, 11th ed., p. 298.

⁹²The American press reported that France was considering resigning the Syrian mandate in the Fall of 1926 and in December, 1927, and that Great Britain was contemplating resigning her near eastern mandates in the Spring of 1927. See *The New Palestine*, N.Y., May 20, 1927, Vol. 12, p. 468.

⁹³ See for example statement my General Smuts of South Africa, P. M. C., Min. II, p. 92.

⁹⁴L. of N., O. J., Vol. 7, pp. 1235, 1646, 1647.

British Conservative Government with its imperial traditions has naturally supported this attitude of the dominions. This coupled with the historic conservative policy of expanding the empire doubtless accounts for the apparent efforts made by Great Britain since 1926 to reduce the rôle of the League with respect to mandates. Belgium has been accused of covert annexation in her legislation organizing Ruanda-Urundi. France was openly hostile to the system at the Peace Conference though she took her severe grilling over Syria with grace and her representative especially noted that mandated territories are not under the sovereignty of the mandatory, so there could be no occasion for sensitiveness. The Japanese attitude has always been extremely correct.

Probably none of the mandatory governments has been enthusiastic for the system. They prefer mandates to nothing but doubtless would prefer colonies to mandates. Preparing reports and answering questions is a nuisance for overworked colonial officials. Prestige may be injured by the disclosure of inhumanities to a public which knows little of normal colonial conditions. Budgetary or commercial prosperity may be thwarted. It may even be that sound administration will be interfered with by advice from League agencies ignorant of local conditions.⁹⁸

But in spite of these considerations no mandatory has failed to fulfill its duties of reporting annually to the League.

⁹⁵German note, 1925, discussed, P. M. C., Min. VII, pp. 53-61.

⁹⁶D. H. Miller, The Drafting of the Covenant, N.Y., 1928, Vol. I, p. 103.

⁹⁷L. of N. Council, Min. XXXIX, 1926, O. J., Vol. 7, p. 524.

⁰⁸In their report to the British government on the 3d Assembly, the British delegates said, "The question of mandates is of course one which interests, more than any other members of the League, the British self-governing dominions but speaking generally it may be said that the Dominion delegates seemed to have no serious charge to make against the good faith of the Permanent Mandates Commission. Their main criticisms would probably be: (a) That the Permanent Mandates Commission is a body which has little knowledge of local conditions and local difficulties, (b) That a mandatory power should not be publicly arraigned before the world in the report of the Permanent Mandates Commission." (Br. Parl. Pap., Misc. No. 52 [1923], Cmd. 1807, p. 32.) See also speech of Sir Francis Bell of New Zealand in 3d Assembly.

The mandatories have regularly sent experts to commission meetings. Often these have been administrators of the territories and they have always cheerfully responded to rigorous cross-questioning. The mandatory governments have generally given heed to commission suggestions when formally approved by the Council. Whether in all cases the spirit of mandatory administration has been observed in full can not be considered in this place. Suffice it to say that formally the mandatories have shown good faith to the system. "Even those like Great Britain," said M. Rappard, in the eleventh session of the commission, "which had most severely criticized the commission had shown particular attention and care in drawing up the documents submitted to it. Hence it would be erroneous to imagine that the mandatory Powers were hampering the commission's activities. On the contrary, they were cooperating with the commission on increasingly closer terms."99

The world is interested and expectant, the League organs are optimistic and faithful to the Covenant, the natives are skeptical or wholly ignorant, the mandatories though indifferent if not antagonistic recognize their obligations. Eventually, the institution will be judged by its success, not in the world of opinion, but in that of action. What opinion is justified by the facts? What has the League actually done in respect to mandates? These questions can not be considered in this already overlong article.

⁹⁹P. M. C., Min. XI, p. 20, Van Rees, Les Mandats Internationaux, Vol. 1, p. 49.

INTERNATIONAL FINANCE AND BALANCE OF POWER DIPLOMACY, 1880-1914

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In that complex web of diplomacy whereby the European Powers attempted, through alliances and understandings, to establish or to maintain a balance of power favorable to themselves, financial negotiations were a significant, though often obscure, element. In this article an attempt will be made to trace the connection between the international loan transactions of the European governments and their balance-of-power diplomacy from about 1880 to the outbreak of the war. Financial transactions of countries which neither played nor were expected to play any part in the European system of alliances and understandings looking forward to the alignment of the powers in the eventuality of a great war fall without its scope. Except, therefore, for some brief reference to Japan, Europe alone is dealt with. The Anglo-German negotiations to which Portugal's financial difficulties gave rise are also excluded, as Portugal figures therein not as a potential ally of military importance in case of war, but as a weak power with colonies to be inherited if she should disintegrate. Diplomatic negotiations concerning the finances of Balkan countries are excluded when they relate primarily to the means to be taken to protect the financial interests of their creditors, but are included, in so far as available information permits, when they are intimately related to the balance-of-power question.

No documented and detailed study of this phase of European diplomacy has ever been published by any historian or economist. It has been necessary, therefore, to piece together the miscellaneous bits of information which could be gathered from contemporaneous literature and from the flood of diplomatic documents and memoirs published since 1914. But the secrecy which ordinarily surrounds transactions such as are here dealt with when they occur, the reticence of diplomats even in their memoirs, and the rarity of informative memoirs

or biographies of the financiers who participated in the transactions, makes it impossible to hope for anything like a complete account, even if all published sources of information had been found and used, of the relations between haute finance and haute politique. Of the possible modes of organization of the material, both the purely chronological and the arrangement by creditor countries would inevitably involve a great deal of duplication. In the main, therefore, the account of the relations between the diplomats and the financiers will be presented in terms of the experience of those debtor countries that participated in European alliances, namely: Russia, Italy, Austria, the Balkan countries, and Japan.

Russia

After 1875, the estrangement between Russia and England owing to their Asiatic rivalries was accompanied by a reluctance on the part of British bankers to underwrite Russian loans, and of British investors to buy Russian securities. No evidence has been found that the British Government brought this about through the exercise of influence over financial circles and the press, and investment may merely have followed sentiment.1 There was, moreover, a general loss of interest about this time on the part of British investors in continental government securities, and from the seventies to the outbreak of the war London was only a minor market for such securities. Russia turned to Germany for financial help. As Bismarck's policy of safeguarding Germany against a hostile coalition under French leadership led him to seek Russia's friendship, the latter found no difficulty in floating several loans in Berlin between 1875 and 1884. In 1884, a German syndicate headed by Bleichroder floated a Russian loan of £15,000,000. De Cyon says that Bleichroder told him that he had been urged by Bismarck to undertake the flotation of the loan.2 Even more significant was the participation in

¹In 1885, however, Prince William of Prussia, later Kaiser William, in a letter to the Czar alleged that the Prince of Wales, later to become King Edward VII, had written to Bleichroder, the German banker, asking the latter to help England "en faisant baisser l'argent Russe." Otto Becker, Das französisch-russische Bündnis, Berlin, 1925, p. 288.

²De Cyon, *Histoire de l'Entente Franco-Russe*, 3d ed., Paris, 1895, p. 304.

the distribution of the loan of the Seehandlung, or Prussian State Bank, and the inspired comments in the German press, heralding the participation of the Seehandlung as a demonstration of the friendly relations between Germany and Russia.4 In 1887, however, Bismarck, reacting against the hostile trend of Russian policy, and retaliating in particular against Russia's tariff policy and her decree forbidding alienmainly German—acquisition by purchase or inheritance of landed property in the vicinity of her western frontier, ordered Russian Government bonds stricken off the list of securities eligible for "lombard" or collateral loans at the Reichsbank.5 This was not of itself of much material significance, since the amount of Russian securities which had previously been used as the basis for collateral loans at the Reichsbank had never been great. But the measure was generally interpreted as a veto against the flotation of new Russian loans in the German market. It was accompanied, moreover, by German court decisions against investment of trust funds in Russian bonds,7 and by a German press campaign against Russian credit which, if it was not directly inspired by Bismarck, at least had his approval and met with no effort on his part to check it.8 The effect on Russian credit was appreciable. The 4 per cent Russian loan, which had been quoted on the Berlin Bourse at 88.50 at the beginning of 1887, fell to 77.50 shortly after the issue of the veto.9 Bismarck hoped that one result of the veto would be a rise in interest rates in Russia, which would work against the military party there.10 The veto was to have important consequences for Germany. Although the

³Le Marché Financier, 1894-1895, 237 ff. The editor of this annual, A. Raffalovich, was the financial agent of Russia in Paris for many years, and a well-informed writer on Russian financial matters.

⁴Cf. Schulthess, Geschichtskalender, 1884, p. 368.

⁶Die Grosse Politik der Europäischen Kabinette, 1871-1914, Berlin, 1922, V. 335; Gooch, History of Modern Europe, 1878-1919, New York, 1923, p. 164.

⁶Cf. Pierre Petit, La Dette Publique de la Russie, Poitiers, 1912, p. 84.
⁷Joseph Vincent Fuller, Bismarck's Diplomacy at its Zenith, Cambridge, 1922, pp. 202-203.

⁸Otto Becker, Bismarcks Bündnispolitik, Berlin, 1923, p. 123.

⁹Le Marché Financier, 1894-1895, p. 237.

¹⁰ Becker, op. cit., p. 123.

Russian Government, because it disliked the republicanism of France and was not inclined to participate in its dangerous revanche foreign policy, did not immediately align herself politically with France, there was no other country in which it could secure the financial help it needed, and it was soon to find that a Franco-Russian political understanding was the price of continued access to the Paris money market. In 1893 Giers, the Russian Foreign Minister, told both the Germans and the Austrians that Bismarck, and especially his lombard veto, had driven Russia into the arms of France. 11 Although other factors were operative also, and, as Becker points out, it served Giers' purposes at the time to undermine the faith of the Germans and Austrians in the wisdom of Bismarck's policy, it is nevertheless difficult to see what alternative policy Russia could have followed as a result of the veto, given its financial needs and the conditions which France unquestionably attached to any substantial financial operation in Paris.

Financial negotiations in Paris followed almost immediately. Shortly before the issue by Bismarck of his veto, De Cyon, at the time Russian financial agent in Paris, had negotiated with the Rothschilds the flotation of a minor conversion loan for Russia.¹² After the veto, French bankers, with the approval of the French Government, offered Russia financial assistance on a large scale.¹³ At first, Giers was hesitant, lest German hostility be aroused,¹⁴ but finally they came to terms,

¹¹Ibid., pp. 126, 301; Grosse Politik, VII, 432.

¹²De Cyon, Histoire de l'Entente Franco-Russe, p. 336.

¹³ A. Debidour, Histoire Diplomatique de l'Europe, Paris, 1916, I, p. 137; De Cyon, op. cit., pp. 334 ff; Georges Michon, L'Alliance Franco-Russe, 1891-1917, Paris, 1927, pp. 7 ff and passim; Ernest Daudet, Histoire Diplomatique de l'Alliance Franco-Russe, 1873-1893, 3d ed., Paris, 1894, pp. 261 ff. (Daudet's account is the basis of most of the versions encountered in the diplomatic histories.)

De Cyon claims for himself most of the credit for the initiative in these negotiations, whereas other historians usually assign it to Hoskier, a Paris banker of Danish origin, who was anxious to pave the way by financial ties for a close Franco-Russian alliance. Cf. De Cyon, M. Witte et les Finances Russes, Paris, 1895, pp. XXIII ff; Daudet, loc. cit.; Debidour, loc. cit.; Pierre Albin, L'Allemagne et la France en Europe, 1885-1894, Paris, 1913, p. 257, note; The Memoirs of Count Witte, New York, 1921, pp. 49 ff.

¹⁴De Cyon, Histoire de l'Entente Franco-Russe, p. 342.

and in 1888, 1889, and 1890, a series of Russian loans amounting to over 3,000,000,000 francs, was successfully floated in Paris. As Gooch remarks, "Such sums are only lent by one great Power to another when alliance is in being or in sight." The Czar expressed his gratitude to the French bankers for freeing Russia from dependence on Berlin. Negotiations for an alliance began in August, 1890, and an Entente was negotiated in August, 1891, followed by the signature of a military convention in August, 1892, which became effective, however, only in 1894. Financial transactions had thus paved the way for the Franco-Russian Alliance, which was to be one of the main elements of the European balance-of-power system until its culmination in the Great War.

Early in 1891, while the negotiations for an alliance were meeting with difficulties from the Russian side, the Russian Government negotiated a loan with the Paris Rothschilds, who had handled many of the Russian loan transactions during the preceding years. At the last minute, however, and after final arrangements had been agreed upon, the Rothschilds withdrew upon the refusal of the Russian Government to promise a cessation of its persecution of the Jews. In Russia it was believed that this was a pretext, and that the withdrawal had been made at the prompting of the French Government, due to the Russian refusal to sign a treaty with France pledging her support in case of a Franco-German war.¹⁷ Such also was the opinion in German official circles.¹⁸ It may well be that the French Government was pleased by the withdrawal of the Rothschilds, but I can find no evidence that it

¹⁸Op. cit., p. 165.

¹⁶ Ibid.

¹⁷ Gooch, op. cit., p. 170.

¹⁸Wilhelm Köhler, Revanche-Idee und Panslavismus, Berlin, 1919, pp. 281–282, where a despatch to this effect of the Belgian Ambassador to Berlin to his Foreign Office, May 14, 1891, is printed. Cf. also, W. L. Langer, who says that: "This was, of course, merely a pretext. The hand of the French Government was but ill-concealed." ("The Franco-Russian Allionce," Slavonic Review, III, 566.) Claudio Jannet (Le Capital, la Spéculation, et la Finance au XIXe Siècle, Paris, 1892, p. 385) attributes the withdrawal of the Rothschilds to the critical state of the money market resulting from the Argentine financial crash.

played any part in the episode, and there is convincing evidence that the reason the Rothschilds gave for their action was genuine. The London Rothschilds had been notoriously hostile to the Russian Government for some time, and had been urging the Paris house not to help the latter. In the middle of April, after the Rothschilds had signed the contract for the loan, but before its actual flotation, decrees were issued in Russia expelling the Jews from Moscow and St. Petersburg. The Russian Finance Minister had tried unsuccessfully to secure a postponement of the decrees until after the flotation of the loan, and it was only upon hearing of the decrees, and after failing in an attempt to secure from Russia a promise of better treatment for the Jews, that the Rothschilds, on May 2, 1891, notified the Russian Minister of Finance of their decision to withdraw from the loan.¹⁹

Later in the year the Russians renewed their attempts to negotiate a loan. The friendly Hoskier offered his services: The Russian Ambassador, lacking confidence in the capacity of Hoskier's syndicate to carry out the operation successfully, urged upon the French Government that it authorize the participation of the Crédit Foncier, which was under Government control. M. Rouvier, the Minister of Finance, was willing to give his tacit approval, but was reluctant openly and formally to authorize such participation because of the undesirable precedent it would establish. Upon the insistence, however, of the Director of the Crédit Foncier that he could not participate without such formal Government authorization, M. Rouvier conceded it, but "á titre purement exceptionnel et sous la reserve qu'il ne prendrait aucune participation ferme dans l'opération."20 The Crédit Foncier participated only to the extent of selling the Russian bonds over its counters on commission, but its participation was nevertheless significant financially, because of its influence on the French investor, and politically, because of its indication of the closeness of the relations between the two governments.

¹⁹Schulthess, Geschichtskalender, 1891, p. 272; De Cyon, M. Witte et les Finances Russes, p. 98; Daudet, op. cit., pp. 261-262; Gooch, op. cit., p. 175.

²⁰Daudet, op. cit., pp. 262-268.

In order further to assure the success of the loan, the Russians had endeavored to secure the participation of some German banking houses in its flotation. But in September, 1891, negotiations with the German houses, Mendelssohn and Warschauer, collapsed at almost the final stage, owing to the failure of the latter to secure from the German Government any expression either of approval or of disapproval, and to a hostile press. The German documents now make it clear that because of conflicting considerations the German Government did not want to declare itself openly, but disapproved of German participation in the loan.²¹

The loan was finally issued in October, 1891, but on terms less favorable to Russia than those agreed to by the Rothschilds in the abortive negotiations earlier in the same year.²² It was oversubscribed eight-fold, but mainly by speculators, and a great deal of the loan soon was thrown back on the market. In order to protect its credit, the Russian Treasury was obliged to repurchase large amounts of the floating stock and it was some time before it finally disposed of the complete issue.²³ The Jewish bankers of Paris, including the Rothschilds, held aloof from the loan.²⁴

In 1894, Czar Alexander II of Russia died, and uncertainty as to the attitude of his successor toward the Franco-Russian Alliance led to a drop in the market quotations of Russian securities. But on December 31, 1893, Russia had finally ratified the military convention with France, and the French Government promptly came to the rescue of Russian credit by arranging for the publication of warnings against speculative attacks on Russian securities in the French press, and by sending police to watch the operations on the curb market (the "petit bourse du soir") 25 Toward the end of 1894, the

²¹Grosse Politik, VII, pp. 229, 402; Economist, October 24, 1891, p. 1369; De Cyon, Histoire de l'Entente Franco-Russe, p. 238. Professor Langer informs me that documents in the Austrian Archives (Schiessl to Kalnoky, September 28 and October 31, 1891) and an inspired article in the Berlin Post, September 28, 1891, make it appear that the German Government did exert pressure on the bankers not to participate.

²²Schulthess, Geschichtskalender, 1891, p. 277.

²⁸ Daudet, op cit., pp. 268-279.

²⁴Le Monde Économique, December 1, 1894, p. 606.

²⁵ De Cyon, M. Witte et les Finances Russes, p. XVII.

Paris Rothschilds underwrote a new Russian loan, after having received pledges that under the new Czar persecutions of the Jews in Russia would not continue.²⁶ In the same year, several months after the conclusion of a tariff treaty with Germany which ended the tariff war between the two countries, Bismarck's veto against Russian securities was repealed,²⁷ but the German chancellor, Caprivi, explained to the Kaiser that the removal of the veto was not expected to lead to heavy German investments in Russian securities.

Russian need for foreign funds was chronic, but in 1899 and 1900 the great capital markets were unreceptive, and M. Witte, then Russian Minister of Finance, met with difficulties in every direction in his attempts to negotiate loans. In London, the hostility of the Rothschilds, because of the Russian persecutions of the Jews, was an effective barrier to successful negotiations.²⁸ In Paris he was also unsuccessful. According to Eckardstein, the German Chargé at London, the Paris bankers, when approached in 1900, referred M. Witte to the Ministry of Finance, where French reluctance to further the Russian financial proposals was explained as not unconnected with dissatisfaction with the state of Franco-Russian relations.²⁹ It appears, however, that the Russian difficulties in Paris were rather with the Ministry of Finance, than with either the Quai d'Orsay, or the bankers. Early in 1900 the Russians had been introducing into the French market internal securities, and the French Minister of Finance vetoed their listing because of misgivings as to the state of the Russian finances, and also because he was not sure that there had been a genuine internal flotation of these securities in Russia. The Banque de France also refused, on legal grounds, to discount some Russian State Bank drafts. The Ministry of Foreign Affairs appears to have been displeased, on political grounds, with these measures.30

²⁶ Ibid., p. 96.

²⁷Grosse Politik, V. 336.

²⁸H. von Eckardstein, Lebenserinnerungen und Politischen Denkwürdigkeiten, Leipzig, 1920, II, 180 ff.

²⁹ Ibid., p. 227.

³⁰Cf. M. Margaine, Rapport . . . sur le Livre Jaane relatif à l'Alliance Franco-Russe (Chambre des Députés, Nº 6036) Paris, 1919, pp. 114-124.

In Germany, also, conditions were not favorable for largescale Russian transactions. In June, 1900, a conference was held in the Foreign Office at Berlin, to consider the expediency of excluding Russian loans from the German market. stein, a Foreign Office official of great authority though of minor official rank, favored such a measure. No action was taken, however, because, says Eckardstein, there were influences in Berlin more powerful than any reason of state,31 by which is to be understood, presumably, German financial interests. Toward the end of 1900 Holstein instructed Eckardstein to introduce anti-Russian financial matter into the London press, and suggested that he use one of the Rothschilds for this purpose. 32 Eckardstein later reported to Holstein that, with the cooperation of the Rothschilds, he had organized an anti-Russian financial campaign in London financial circles and in the English press, and had launched it by means of a spurious telegram from New York discussing Russia's unsuccessful attempts to place a loan in New York, Paris, and London, and her precarious financial situation in general.33 In March, 1902, the German Government, after much hesitation, refrained from taking action against a German house, Mendelssohn & Co., which was negotiating a loan with Russia, in order not to drive Russia into even firmer alliance with France.³⁴ Witte, who in general was not a strong supporter of the Franco-Russian Alliance, was anxious to float the loan in Germany in order to show France that Russia was not financially dependent upon her.35 When he was told this by the Russian naval attaché at Berlin, the Kaiser said that he was glad that by permitting the loan he had enabled Witte to accomplish his purpose.36 Russia at this time was moving nearer to Germany in her foreign policy. In 1904, signature

⁸¹ Eckardstein, op. cit., II, 182-183.

⁸² Ibid., II, 227-228.

³³ Ibid., II, 240-241; 249.

³⁴See Grosse Politik, XVIII, 43 ff, and my article, "Political Aspects of International Finance," Journal of Business of the University of Chicago, April, 1928, p. 167.

⁸⁵See Grosse Politik, XVIII, 49, and the inspired article in Le Journal de Saint Pétersbourg, quoted in Le Monde Économique, May 3, 1902, p. 552.

³⁶ Ibid., XVIII, 49, 51.

of a new commercial treaty ended the tariff controversy which had been embittering the relations of the two countries. Permission to Russia to float a loan in Berlin had been granted by Germany in the course of the tariff negotiations.³⁷ The Russo-Japanese War made Russia's need of funds greater than Paris could, or would, meet alone, and in January, 1905, she floated a short term loan in Berlin, although apparently with indifferent success.³⁸ This was the last Russian Government loan to be admitted to the Berlin Bourse.

Late in 1905, M. Witte, who had become Prime Minister of Russia after his successful negotiation of the treaty of peace with Japan, opened negotiations in Paris and London for a great loan to consolidate the debts which had accumulated during the Japanese War. In May, 1906, the Douma was to open, and liberal opinion in both France and England urged that no loan be granted without its approval, in order not to weaken it in its dealings with the Russian Government. There was doubt, also, as to the legality under the new Russian Constitution of a loan which had not been approved by the Another obstacle to the negotiation of the loan was the refusal of the French Government to approve its emission in Paris until after the conclusion of the Algeciras Conference. in order to bind Russia to support France at the Conference. 39 In April, 1906, however, after the successful conclusion of the Algerias Convention and the issue by a Russian jurist, Martens, in whom the French had great confidence, of an opinion supporting the validity of the loan, the French withdrew

³⁷ Memoirs of Count Witte, p. 292; E. Zweig, Die Russische Handelspolitik seit 1877, Leipzig, 1906, p. 54.

³⁸ Schulthess, Geschichtskalender, 1905, p. 255; M. A. DeWolfe Howe, George von Lengerke Meyer, New York, 1920, pp. 114, 121; Karl Helfferich, Das Geld im russisch-japanischen Kriege, Berlin, 1906, p. 109.

³⁰ The Czar so explained the failure of Witte's negotiations in Paris in January, 1906, in a letter to the Kaiser. Grosse Politik, XXI, p. 125, note. Also Memoirs of Count Witte, pp. 293, 299 ff; Schwertfeger, Zur europäischen Politik, 1897–1914, Berlin, 1919, II, 178. Cf. also Grey to Bertie, January 15, 1906, British Documents, III, 178: "I have heard party politics at home abused as mean and low, but I think better of them now that . . . Russia has demanded a loan on improper terms as the price of her support [of France at the Algeciras Conference]. The mud of Foreign politics is deeper than any I have been in yet."

their objections, and it was successfully floated to the huge and almost unprecedented amount of 2,225,000,000 francs. The French bankers had been persuaded to float the loan only after a personal appeal to their patriotism by the then Premier Rouvier.40 It was subscribed to mainly by French capital, but a substantial amount was floated in London, the first large English subscription to a Russian loan since 1875. The English subscription was politically significant, as marking a rapprochement between England and Russia. But the only evidence that I can find that the British Government had anything to do with English participation in the loan is a report from the Belgian Ambassador in London to Brussels that the British Foreign Office had semi-officially urged upon London financial circles that they subscribe to the loan.41

In Germany the bankers were forbidden to participate in the loan. Resentment aroused against Russia by her repudiation of the Bjorko Pact signed by the Czar and the Kaiser in 1905 and by the disclosure by the Russian Government, in order to allay French suspicions, of its instructions to its representatives at Algeciras to support France in the Moroccan crisis, was probably the main reason for this action, but the reason given by Chancellor V. Bülow to the German bankers was the unfavorable state of the German money market and the impending Imperial and Prussian loans.42

Some of the guiding spirits of Russian policy, including Witte himself, were not strongly attached to the French Alliance. Once Russia had obtained the French gold that she needed so badly, she dealt coolly with France, and attempted to reëstablish friendly relations with Germany.43 As had been

⁴⁰ Georges Michon, op. cit., p. 133.

⁴¹April 28, 1906, cited in Schwertfeger, op. cit., II, 112. The Belgian Ambassador remarked, incidentally, that "L'Entente anglo-russe est dans l'air."

⁴² Schwertfeger, op. cit., II, 110-111; p. 304; Memoirs of Count Witte, p. 304; Alexander Iswolsky, Recollections of a Foreign Minister, New York, 1921, p. 24.

When Chancellor V. Bülow reported to the Kaiser that Russia was in the most urgent need of a loan, he commented: "Sehr erfreulich! von uns sollen sie keinen Pfennig kriegen." (March 31, 1906) Grosse Politik,

⁴⁸Cf. von Schoen, Erlebtes, Beiträge zur politischen Geschichte der neuesten Zeit, Berlin, 1921, p. 26.

anticipated by many persons in France and England, Russia made use of its financial independence for the time being to adjourn the Douma. It was probably in reaction to both these phases of Russian policy that Mr. Caillaux, the French Minister of Finance, promised the Chamber de Députés in 1907 that the French Government would not in future authorize the emission in Paris of Russian loans unless they had been previously approved by the Douma.44 But Witte was retired immediately after his successful flotation of the loan of 1906, and Russia resumed with France and established with England intimate relations which were maintained unbroken until the Great War. In 1909 Russia floated another external loan in Paris, and there was complete recognition on the part of the Russian Government that the French capital market was the only one available for loans on a large scale. 45 In June, 1913, negotiations began between the two Governments which resulted in the signature on January 1, 1914, of an accord by which the French Government undertook to permit Russia to float loans in the Paris market at an annual rate of 400 to 500 millions francs to a total of 2,500 million francs, and Russia agreed, in return, to build certain strategic railroads, and to increase her military forces.46 The French Government also promised priority of issue to the first installment of the Russian loan over any other external loan except a portion of a Serbian loan.47

Italy

Italy, from its establishment as a united nation to the 1880's, was mainly dependent on Paris for its external financing. As long as the political relations between France and Italy remained friendly, the French investors welcomed Italian securities. But the colonial rivalries of France and Italy, and especially the occupation of Tunis by France in 1881, aroused

⁴⁴Schwertfeger, op. cit., II, 180.

⁴⁵Cf. the Report to the Czar of Kokovtsef, Russian Minister of Finance, November 19, 1913, published in *Livre Noir*, II, 401. From 1906 to the outbreak of the War, London took £34,000,000 of Russian state loans. (*Economist*, June 20, 1914, pp. 1486, 1487.)

⁴⁶Livre Noir, II, 403, 439 ff., 455.

⁴⁷ Ibid., II, 409.

enmity between the two countries. In 1881 Italy was warned by France that if she persisted in her attitude of hostility toward the French expedition in Tunis, France might be led to close its market to Italian securities. On May 20, 1882, Italy entered into a Triple Alliance with Germany and Austria, to end or be renewed in 1887. For a time France, hoping Italy would withdraw from the Triple Alliance in 1887, and fearful of driving her into a renewal of the Alliance if she should make any hostile move, continued to give Italy financial assistance. As late as the spring of 1887, French bankers competed with German bankers for an Italian Government railroad loan.

In March, 1887, the Triple Alliance was secretly renewed for another five years. In February, 1887, the Depretis Ministry had come into power in Italy, with Francesco Crispi, openly hostile to France, an important member thereof. In August, Depretis died, and Crispi became Premier. Early in 1887 there began a wild real estate boom in Italy, financed largely with borrowed French capital. Meanwhile, in several diplomatic incidents which had occurred. Crispi had taken a stand which gave France ample cause to regard with serious misgivings the future trend of Italian policy under his leadership. In the summer of 1887, there began in France a violent press campaign against Italian securities which continued for several years. French bankers also refused new credits and insisted upon repayment of their previous advances. It has been estimated that in less than a year 700 million francs of French capital were withdrawn from Italian real estate investments alone. A bad harvest, and the outbreak of a tariff war between the two countries upon the denunciation by Italy of its commercial treaty with France, added to Italy's difficulties. There resulted a severe commercial and financial depression in Italy, which was to persist for almost a decade.50

⁴⁸Paul Robiquet, Discours et Opinions de Jules Ferry, Paris, 1896, IV, 541.

⁴⁹ Helfferich, Georg von Siemens, Berlin, 1923, II, 214.

⁵⁰A. Billot, La France et l'Italie, 1881-1889, Paris, 1905, I, 144 ff.; The Memoirs of Francesco Crispi, London, 1914, II, 294, 377. As typical of the less violent phases of the French press campaign against Italian credit, there may be cited the articles of Leroy Beaulieu in the Revue des Deux Mondes of July 15 and August 15, 1889. He predicts that if

The Italians believed that the French Government was behind the press campaign against Italian credit, and the Italian Minister at Paris bluntly told the French Foreign Minister that "it would appear impossible not to believe in connivance on the part of the Government in the violent attacks upon Italian credit of a certain band of speculators," but the French Government denied the accusation.⁵¹ Given the usual relations between the French press and the Quai d'Orsay on matters affecting foreign policy, there is no ground for doubt that the French Government, whether responsible or not for its initiation, could and would have checked the press campaign if it had so desired.

Italy turned to her ally, Germany, for help in her distress. Immediately upon the conclusion of the Triple Alliance in 1882, personal contacts had been established for the first time between German haute finance and Italy. In 1883, von Siemens, managing director of the Deutsche Bank, had been appointed adviser to the Italian Minister of Finance and also to one of the great Italian banks. In the same year von Siemens had undertaken to float a loan of the City of Rome for 170 million lire, in spite of the troubled state of the German money market at the time, and his success was heralded as a demonstration of the ability of Italy to get financial aid in Germany and thus to manage without French help. From 1883 on, the Deutsche Bank and other German banks had been eagerly negotiating for the opportunity to underwrite a series of large Italian railroad loans, and in 1885 a German syndicate, under the leadership of the Disconto-Gesellschaft, had been granted one of these loan contracts. In 1887, the concerted attack on Italian credit in France made prompt and substantial aid necessary for Italy if she were to be saved from bankruptcy. Upon appeal from Crispi, Bismarck promised to

the German market does not support Italian credit tenaciously, a still further drop in Italian securities will ensue (p. 957). He suggests that Italy could get financial assistance in France, as had Russia, if it declared its pacific intentions towards France. He points out that the quotations of Russian funds had risen and of Italian rentes had fallen, since Russia had entered into friendlier relations with France and Italy had entered into alliance with the foes of France. (Pp. 313, 314.)

⁵¹ Memoirs of Francesco Crispi, II, 420 ff.

use his influence to induce the leading German banking houses to come to Italy's aid. The German banks responded to the request. They attempted to check the fall in the prices of Italian Government bonds by granting advances to the Italian Government, by making large purchases on the Paris Bourse, and by facilitating "lombard" or collateral loans on Italian securities. In 1890, there was organized a syndicate for the support of Italian credit and the management of financial transactions with Italy, in which every important German banking house participated. The German Ambassador to Italy reported to Crispi that "strong pressure" had been brought to bear on Bleichroder by the German Government to organize this syndicate.⁵²

On January 31, 1891, the Crispi Ministry fell, and was succeeded by the Rudini Ministry. Rudini let it be generally known that Crispi had fallen from power because it was believed in Italy that his policy of hostility to France, by provoking French economic reprisals, had been mainly responsible for Italy's financial and commercial difficulties. He said that Italy asked nothing of France, but that it was in France's interest to come to her aid. Otherwise Crispi, an enemy of France, would return to power at the moment when the renewal of Italy's alliances with the enemies of France would be in question.53 In April, negotiations were opened between Rudini and the French bankers, and especially the Rothschilds. The Italian representative of the Rothschilds, with the express approval of the Quai d'Orsay, offered financial help to Rudini, but only provided Italy did not remain in the Triple Alliance, or declared her intentions in the eventuality of a Franco-German war. Rudini dismissed him abruptly, and refused to pursue negotiations on these conditions.54 When Rudini charged the French Government with responsibility for the

⁵²Memoirs of Francesco Crispi, II, 294; III, 209 ff.; Helfferich, Georg von Siemens, II, 206-218.

⁵³G. Giacometti, "Cinq Mois de Politique Italienne," Revue des Deux Mondes, September 15, 1891, 397.

⁵⁴Grosse Politik, VII, 91. Cf. also for other accounts of the negotiations, Giacometti, op. cit., pp. 398 ff.; A. Billot, op. cit., I, 289 ff.; A. F. Pribram, The Secret Treaties of Austria-Hungary, 1789-1914, Cambridge, 1921, V, part 2, pp. 94, 95.

rebuff he had received, Billot, then French Minister at Rome, attempted to persuade Rudini that it was not within the power of the French Government either to force French bankers to underwrite Italian loans or to compel the directors of the Bourse to accept applications for listing. Their decisions, he said, were dependent upon public opinion, which in turn depended on the foreign policy followed by Italy. Rudini professed to be insulted by this reply to his request for aid. He proceeded to negotiate a renewal of the Triple Alliance, which was signed on May 6, 1891, a year before the date of its expiration in case of failure to renew it.

Billot later admitted that Italian resentment against the French refusal to promise her financial help was an important factor in her renewal of the Triple Alliance. He nevertheless defended the French diplomacy on the ground that the French Government had no means of overcoming the objections of French bankers and their clients to transactions with Italy as long as the latter continued a member of the Triple Alliance. It was the position of the French Government that the betterment of diplomatic relations, instead of being anticipated as the result of betterment in economic relations, must come first if the latter was to take place.⁵⁶ A contemporary observer suggests that Rudini's imputation to the French Government of responsibility for the failure of his negotiations with the French bankers may have been deliberate preparation of the ground for throwing the blame on France for Italy's renewal of her participation in the Triple Alliance.57

Italian finances meanwhile remained in a critical state⁵⁸ and in May, 1892, the Rudini Ministry fell, to be succeeded by the

⁵⁵Billot, op. cit., pp. 292-293.

⁵⁶ Ibid., 295 ff.

⁵⁷Giacometti, op. cit., p. 400. This seems a plausible theory. The visit of Rothschild's agent to Rudini took place on or about April 18, 1891. On March 9, 1891, Rudini had already told the German Ambassador at Rome that he was anxious to renew the Triple Alliance (Grosse Politik, VII, 68). On April 15, 1891, Rudini sent a draft to Berlin of the proposed new treaty with Germany (Ibid., VII, 72, 92).

⁵⁸In April, 1892, the German Secretary of Foreign Affairs urged upon Chancellor Caprivi the need for German financial support to Italy, in order to relieve the Italian Government from the necessity of reducing its military expenditures. (Grosse Politik, VII, 119.)

Giolitti Ministry. As part of his program of restoration of Italy's finances, Giolitti endeavored to convince France that the Triple Alliance was a defensive and not an offensive alliance,⁵⁰ but the French press campaign against Italian credit continued unabated.⁶⁰

In December, 1893, Italy turned once more to Crispi, in the hope that he could rescue her from her economic distress. Crispi sought help again in Germany, and succeeded, among other measures, in obtaining the cooperation of the German Government and German finance in the flotation of Italian loans and in the establishment in Italy in 1894 of a bank supported by German capital, the Banca Commerciale Italiana, which was destined to become one of Italy's great banks, and to be an important medium for German financial influence over Italy's commercial and industrial economy. 61 Crispi's disastrous Abyssinian adventure led to his resignation in 1896, and the end of his political career. He was succeeded by Rudini, who declared that while he would adhere to the Triple Alliance, he would abandon the hostile attitude adopted by Crispi toward France. He would make efforts, he said, to establish better relations with France, "which, in economic and financial matters had the power to do Italy so much good and so much harm."62 He succeeded in this objective. There was a definite political rapprochement with France during his administration, and this was maintained, on the whole, by his successors throughout the period up to the outbreak of the War. In 1897, a new commercial treaty reëstablished friendly tariff relations between the two countries, and in 1902 a secret convention went still further in adjusting their mutual grievances.

⁵⁹ Giovanni Giolitti, Memoirs of My Life, London, 1923, p. 70.

⁶⁰Cf. the despatch of the British Ambassador at Rome to the British Foreign Office, November 3, 1893: "The financial situation of Italy is deteriorating every day; France's efforts to injure her commerce and to depress her credit have been crowned with a considerable measure of success." (British Documents, II, 286.) The Paris Rothschilds took no part in this campaign, and indeed tried to check it, as a menace to peace. (Cf. Grosse Politik, VII, 133.)

⁶¹Memoirs of Francesco Crispi, III, 216 ff.; Helfferich, op. cit., II, 218 ff.

⁴²A. F. Pribram, op. cit., V, part 2, p. 107.

Although Italy remained in the Triple Alliance, France was given assurances that Italy's membership therein involved no menace to herself in case of the outbreak of a European war. As Italy again became friendly to France, Germany's interest in close financial relations with Italy cooled, and before the end of the 90's, French capital was again owing to Italy.63 The Franco-Italian rapprochement of 1901 had been facilitated by the fact that when in 1900 and 1901 Italy had once more been in financial difficulties. Germany had not been able to come to her assistance owing to economic difficulties at home and Paris had given substantial aid. Soon thereafter there occurred also a marked improvement in Italian financial and industrial conditions, and her dependence on foreign financial aid lessened. After 1903, Italy was prosperous, her Government finances were sound, and her borrowings abroad were for productive purposes instead of being, as in the 80's and 90's, largely temporary expedients to liquidate recurrent budgetary deficits. Of this borrowed capital, a greater part came from France than from Germany.64 When in 1906, the Secretary of the German Embassy at Rome showed concern over the signs of Italian rapprochement with France, the Italian Foreign Minister, Sonnino, explained that Italy must maintain the appearance of friendship with France, because the contemplated conversion of the Italian debt made it necessary to retain the good will of France.65 Italy had learnt how to reconcile membership in the Triple Alliance with freedom of access to the French capital market.

Austria-Hungary.

The Austrian and Hungarian Governments ordinarily floated their loans in their own money markets, and in those of

^{es}Cf. Helfferich, op. cit., 219 ff.; André Tardieu, La France et les Alliances, 3d ed., Paris, 1910, pp. 107 ff.

⁶⁴In 1905, of 41.3 million lire of Italian government interest payments to foreign holders of its securities, French banks acted as the paying agent for 22.3 millions, as compared to only 8.7 millions paid through German banks. Le Marché Financier, 1905, p. 596. See also the detailed data in Francesco Nitti, Il Capitale Straniero in Italia, Bari, 1915, pp. 71 ff.

⁶⁵ Grosse Politik, XXI, 355.

Germany. But from about 1908, the needs of the two Governments were abnormally pressing, there were disturbed financial conditions in the local money markets, and the German banks were not in a position to lend generous aid without straining their resources, and were not anxious, therefore, to increase their commitments. The Austrian officials turned for aid, therefore, to France. There would be little difficulty in coming to an arrangement with the French bankers, in view of the close relations which existed between Vienna haute finance and certain Paris banks.66 The one barrier was the necessity of securing the approval of the French Government before a loan could be listed on the Paris Bourse. But there had been somewhat of a rapprochement between Austria and France in recent years, and the Austrians counted especially upon French gratitude for the help given to the French cause by the Austrian representatives at the Algerias Conference of 1906. In any case, the Austrian Government late in 1909 applied for listing of a Hungarian State loan on the Bourse, and was refused only after the French press, hearing that the request was to be granted, protested vigorously against financial aid being given to a member of the Triple Alliance.67 German bankers, encouraged to do so by the German Chancellor, then came to Hungary's aid, and granted her a loan of moderate size.68

In 1910, the Hungarian Government succeeded in negotiating a loan with a French banker, and through him obtained from the French Government the promise that it would be admitted to listing. But this had been done without the help or knowledge of Crozier, the French Ambassador at Vienna. According to his own account, when Crozier learnt what had happened, he telegraphed to Paris, objecting that by granting admission to listing France was surrendering its most powerful weapon for securing the favorable settlement of certain

⁶⁶Cf. the memorandum to the Russian Government on the relations between French and Austrian banks prepared by M. N. Raffalovich, nephew of A. Raffalovich, the Russian financial agent in Paris, and himself attached to the Russian Embassy in Paris, published in Siebert, Entente Diplomacy and the Great Powers, pp. 312 ff.

⁶⁷André Fontaine, Le Protectionnisme Financier, Lille, 1912, pp. 115.

⁶⁸Le Marché Financier, 1910, pp. 469-470.

claims which French individuals had been pressing against the Austrian Government. Authorization of listing was thereupon withdrawn, and the loan negotiations fell through.69 In April, 1911, the flotation in Paris by the City of Budapest of a loan of 100 million kroner, although it was not listed on the Paris Bourse, led to a protest by Izvolsky, the Russian Ambassador to Paris. He felt certain that the important French banks which had participated in the loan would not have done so without having received the consent of the French Government, and he urged upon the French Foreign Minister the general importance for Russia that its potential foes be not enabled to strengthen their economic and military situation with the aid of French capital. M. Cruppi assured him that it was not possible for the Government to veto loan transactions not involving official listing, but that he would bear Izvolsky's arguments in mind if a loan to Hungary for state purposes should come under consideration. 70

During the Agadir crisis of July, 1911, Austria declared its non-interest in Morocco, thus in effect disassociating itself from its ally, Germany. Later, when the controversy between France and Germany was settled by the Moroccan and Congo Conventions of November, 1911, Austria held back her adherence to these conventions, and bargained for the opening of the Paris Bourse to an Austrian and a Hungarian loan as compensation for her signature. Crozier urged upon the French Government that it use the Austrian anxiety for a loan as a means of securing valuable political guarantees from Austria in the case of the outbreak of a Franco-German war, and even of weaning Austria away from Germany. Later, Crozier asserted that d'Aerenthal, the Austrian Foreign Minister, had invited France to state the guarantees it wanted that the proceeds of the loans would not serve to strengthen the offensive power of the Triple Alliance, and had offered, in return for permission to float the loan, to allow France to request such changes in the Austro-German Alliance (which was to be renewed in the following year) as should appear desirable to her.

⁶⁹ Philippe Crozier, "L'Autriche et l'Avant-Guerre, III," La Revue de France, June 1, 1921, p. 607.

⁷⁰Siebert, op. cit., p. 310.

Crozier claimed also that de Selves, the French Foreign Minister, had approved the Austrian offer in principle, but that before he could proceed further, his ministry had fallen, and Poincairé, who disapproved of the project, had succeeded him. Crozier thereupon left Vienna. Poincaré, however, tells a conflicting story. According to Poincaré, all that d'Aerenthal offered in return for the listing privilege was the Austrian signature to the Moroccan Convention, and the rest existed only in Crozier's imagination; de Selves had not approved of Crozier's proposals, and had in fact given instructions to the French Finance Minister not to permit the Austro-Hungarian The Russians had gotten wind of the loan negotiations, and had been exercising pressure on the French Government. The French press also protested vigorously against approval of the loan, on the ground that the proceeds would go to strengthen a potential foe of France and of its Russian ally. On December 29, 1911. Austria adhered to the Moroccan Convention without conditions. Crozier continued to press Poincaré to admit Austro-Hungarian loans to the Bourse, until the latter lost patience and dismissed him in March, 1912. Poincaré points out that Crozier was later alleged to have become a director of an Austrian bank, and insinuates that he was not wholly disinterested in his support of the Austrian proposals.⁷¹ Poincaré's motive in discrediting Crozier's story is, of course, to show himself guiltless of the charge levelled against him by certain French writers, on the basis largely of Crozier's account, that under pressure from the Russian diplomats, he had failed to take advantage of an opportunity to drive a wedge between the two Central Powers and to isolate Germany in so far as a possible war against France was concerned. To demonstrate that he was not wholly a pliant tool of Russian diplomacy, Poincaré points to the fact that in 1912, in the face of Russian objections, he had approved several Austrian and Hungarian loans which were of a kind not susceptible of being diverted to military purposes.72

⁷¹Crozier, op. cit., pp. 589 ff.; Poincaré, An Service de la France, Paris, 1926, I, 240-270; Fontaine, op. cit., pp. 116-123.

⁷²Poincaré, op. cit., pp. 261-262. In a work by two French authors on the origins of the War, largely based on unpublished archives of the French Foreign Office, material is presented purporting to explain the

Turkey.

Turkey's unfortunate experience with external loans began in 1854, during the Crimean War, with a loan floated in London and Paris, guaranteed by the tribute of Egypt. ish statesmen claimed that this loan was negotiated more for political than for financial reasons, and that its main purpose was to strengthen the bonds with the allied powers and to give them an economic interest in the future of Turkey.78 Under the pressure of continuous financial distress resulting from incompetent, extravagant, and corrupt financial administration of the country, there followed, almost without pause until 1914, an orgy of borrowing at ruinous rates of interest, modified only in part by the limited control exercised from 1881 on by the "Dette Publique Ottomane," or international financial control.⁷⁴ In 1863 an Anglo-French financial group, but with French capital predominating, was given a franchise as the Banque Impériale Ottomane, with the designation and some of the privileges of a state bank, and in 1875 its privileges were somewhat extended.75 For a time, this bank enjoyed what was virtually a monopoly of Turkish loan and other financial business, and it continued up to 1914 to be an important factor in Turkish finance. In 1888, however, the Turkish Government gave a loan contract for 30 million marks to the Deutsche Bank, the first large transaction carried

intransigent attitude of Austria toward Serbia in 1913 and 1914 as having been due to Austria's failure to negotiate a loan in Paris. The Austrians, it is suggested, looked for relief from their financial distress in the collection of a large indemnity from Serbia after a victorious war with that country. Serbia would not be able to pay this indemnity from her own resources, but would obtain the money from her friends, and especially France. Thus the French funds which had not been available as a loan would be obtained as an indemnity. (Bourgeois et Pagès, Les Origines et les Responsabilités de la Grande Guerre, Paris, 1921, pp. 72, 73.)

⁷⁸F. Deville, Les Contrôles Financiers Internationaux, Paris, 1913, p. 99.

⁷⁴Adib Roumanie, Essai Historique et Technique sur La Dette Publique Ottomane, Paris, 1927.

⁷⁵For the history of this bank to 1909, see Adrien Biliotti, *La Banque Impériale Ottomane*, Paris, 1909.

through independently of the Banque Ottomane since its estab-The latter bank had previously refused to undertake the loan, and the Sultan expressed his gratitude to the Deutsche Bank for freeing him from dependence on the Banque Ottomane, which he charged with being exorbitant in its demands and a political agent of France.76 The grant of the loan facilitated the negotiations of the Deutsche Bank for the Anatolian Railway concession, which were brought to a successful conclusion in the same year. Earlier in 1888, also, Kaiser Wilhelm had paid a friendly visit to Constantinople. These events marked the definite advent of German influence in Turkey, and the beginning of that long rivalry and controversy over railroad concessions which was to continue until just before the outbreak of the war. In 1899, however, the Deutsche Bank reached an understanding with the Banque Ottomane with respect to their mutual participation in Turkish loans and railroad concessions, and it was only the opposition of the French Government which prevented the continued active participation of French capital in the Turkish enterprises of the German bankers.77

Abdul Hamid was anxious that a Turkish railway system be constructed for strategic and economic reasons. But he feared to rely on British and French capital, because of the supposed territorial ambitions of these countries, and he thought that he had found in Germany the one great Power with surplus capital which was territorially disinterested and had a political interest in Turkey becoming a strong and prosperous country. Russia had no funds for and no favorable interest in ambitious railroad projects in Turkey, and her one continuing purpose was to keep Turkey economically and strategically weak. This purpose she pursued constantly by

⁷⁶Helfferich, Georg von Siemens, III, 37. Cf., for a somewhat conflicting account, Biliotti, op. cit., p. 70.

⁷⁷On the railroad concession aspects of the relations between Turkey and foreign bankers, which are mentioned here only incidentally as they bear on Turkish government loans, there are to be cited, in addition to E. M. Earle's excellent and comprehensive account, Turkey, The Great Powers, and the Bagdad Railway, New York, 1923, the writings of Helfferich and the flood of material in the pre-war diplomatic documents of England, Germany, and Russia, which have been published in recent years.

placing diplomatic obstacles at Constantinople to the execution of the German projects, and by encouraging the French and British rivalry with and jealousy of German economic expansion in the near East. The English-French-Russian attempts to check the Bagdad Railway took many forms: direct diplomatic pressure on Turkey; pressure on their bankers not to participate in the railway concessions; refusal to permit Turkey to increase her tariff so as to obtain the funds necessary for the kilometric guarantees essential for the negotiation of the railroad construction contracts, etc. We are here, concerned, however, only with the bearing of this rivalry of the Powers on their attitude towards Turkey's attempts to float loans in their money markets.

After the Deutsche Bank group had successfully completed the Anatolian Railway, the Sultan pressed them to undertake the extension of the system to Bagdad and the Persian Gulf, the famous Bagdad Railway project. The Deutsche Bank proceeded with the negotiations with hesitation, and only after the German Government had strongly pressed it to do so, and had promised it vigorous support. Misgivings as to its capacity to carry through the financing of so great an enterprise and fear lest political entanglements should make its financing more difficult and its ultimate success less certain were mainly responsible for its reluctance to proceed further with the project. From 1899 to 1903, while the concession for the Bagdad Railway was being negotiated with the Turkish Government, the Deutsche Bank, with the approval of the German Government, made every effort to secure English and French financial participation, both to lighten the burden of its own financial commitments and to remove or lessen the English and French hostility to the project. French capital, under Banque Ottomane leadership, was willing and even anxious to participate. The French Government was at first inclined to support French participation, and in 1901 Delcassé persuaded the Russian Minister of Finance, M. Witte, not to oppose it, in return for permission to float a Russian loan in Paris. 78 But in the end, the refusal of the German bankers to surrender majority control over the railroad to English and

⁷⁸British Documents, II, 175.

French investors led M. Delcassé not only to withhold his approval of French participation, but publicly and formally to warn French bankers against coöperation in the enterprise.

The British Government, and especially Lansdowne, the Foreign Secretary, also favored British participation at first, but the English bankers, when asked by him to participate, insisted upon a larger measure of support from the British Government than the latter were prepared to give. Finally, yielding to a hostile campaign in the British press against coöperation with Germany, the English bankers withdrew altogether from the negotiations and the British Government declared its opposition to the project on the stated ground of German refusal to grant equal participation in control to England and France.⁷⁹ Lansdowne, however, commented in a Foreign Office minute that he would have proceeded with the negotiations "if it had not been for the 'scuttle' of the financiers."⁸⁰

In March, 1903, the Deutsche Bank had received the concession for the Bagdad Railway. In addition to the kilometric revenue guarantee, the Turkish Government agreed to issue to the Bagdad Railway Company for construction costs, 275,000 francs per kilometer in Turkish Government bonds, amounting in total to 54 million francs. Opposition by the French Government not only made further participation by the Banque Ottomane group on a substantial scale impossible, but led to refusal of listing of these bonds by the Paris Bourse. They were nevertheless successfully floated, mainly in Germany.

French capital, however, continued to participate in Turkish Government loans when these were not immediately connected with the Bagdad Railway project. In 1903, for instance, French bankers, under the leadership of the Banque Ottomane, carried through a major debt conversion operation for the Turkish Government. Under pressure from the Turkish Government, however, German capital was admitted to a share

⁷⁹ Ibid., II, 174 ff.

⁸⁰ Ibid., II, 196, note (December 21, 1903).

⁸¹The participation of the Banque Ottomane group in the flotation of these bonds seems to have been only nominal. *Cf.* Helfferich, *Die deutsche Türkenpolitik*, Berlin, 1921, p. 17.

in this transaction.82 German bankers were unable to meet from their own resources and those at their command the financial needs of Turkey, and recourse to French capital continued to be necessary. As the "Annual Report for Turkey" for 1907 of the British Foreign Office puts it, Abdul Hamid knew "that the stability of the financial position of the Ottoman Empire depends in great measure upon the French Government and the support of French financiers, and he cannot afford to disregard any reasonable demands made by the Quai d'Orsay."88 In September, 1908, the Turkish Foreign Minister asked for the assistance of the British Government in inducing British bankers to enter into negotiations for a Turkish loan. Sir Edward Grey responded favorably, but the British bankers who were approached excused themselves on the ground that British investors lacked confidence in the stability of the Turkish Government, and therefore could not be interested in Turkish securities.84

The successful Young Turk revolutions of 1908 and 1909 brought to an end the long but inglorious reign of Abdul Hamid. The Young Turks mistrusuted Germany as the friend of the old administration, and resented the support she gave Austria when the latter annexed Bosnia and Herzegovina. Their political sympathies also were with the more democratic western countries, and they were anxious to obtain French and English financial support in order to end their economic dependence on the Berlin banks. In the autumn of 1908, the Young Turks obtained a substantial advance on a projected loan, participated in equally by the Deutsche Bank, the Banque Ottomane, and an English group. In 1909 this loan was successfully floated by this international group, in spite of the refusal of the Young Turks to place it under the control of the Dette Publique Ottomane. The French Government showed its good will not only by sanctioning French participation in the loan, but also by permitting listing on the Paris Bourse of even the part of the loan issued in London, an un-

⁸²British Documents, V, 176.

⁸³ Ibid., V, 44.

⁸⁴ Ibid., V, 261, 262.

precedented concession.⁸⁵ Friendly cooperation between Germany, France, and England on equal terms in serving the financial needs of Turkey seemed to be in prospect, and negotiations were resumed for the participation of French and English capital in the completion of the Bagdad Railway.

In 1909 and 1910, however, the democratic and reformist enthusiasms which had marked the Young Turk revolution largely gave way to an extreme pan-Islamism. Christian massacres and drastic suppression of Macedonian and Armenian revolts brought about a revulsion of feeling in France and England, which was reinforced by misgivings as to the possible conflicts with French and English political and economic interests of a strong and vigorous Turkey. When in 1910 the Young Turks approached the French bankers and the French Government for a new loan, they were, consequently, coolly received. The first approach was to the Banque Ottomane. The latter replied that since listing on the Paris Bourse, which was under the control of the French Government, was indispensable to the successful flotation of a loan, preliminary diplomatic negotiation was necessary.86 Djavid Bey, the Young Turk Minister of Finance, then went to Paris, where he succeeded in negotiating a loan with the Crédit Mobilier. One of the conditions of the loan contract, however, was that it should become void if listing of the loan on the Paris Bourse was not granted.87 When Diavid Bev asked the French Government for the listing privilege, he was told that it could not be granted unless Turkey appointed a French financial adviser with certain veto powers over expenditures, increased the control powers of the Banque Ottomane, and gave certain political guarantees.88

Djavid Bey then went to London, where negotiations with Sir Ernest Cassel, a London banker who had in the previous

⁸⁵ Biolitti, op. cit., p. 266; A. Andréadès, "Les Contrôles Financiers Internationaux," Académie de Droit International, Recueil des Cours, 1924, II, 83.

⁸⁶ René Pinon, L'Europe et la Jeune Turquie, Paris, 1913, pp. 137 ff.

⁸⁷Grosse Politik, XXVII, p. 697.

⁸⁸ Pinion, loc. cit.; Mahmud Moukhtar Pacha, La Turquie, l'Allemagne et l'Europe, Paris, 1924, pp. 102, 103; Grosse Politik, XXVII, 693 ff.

year established a bank in Constantinople, proceeded favorably. But Cassel eventually withdrew from the negotiations, apparently under pressure from the British Foreign Office. ⁸⁹ To Djavid Bey the British Foreign Office explained its objection to the loan as due to its opposition to the Bagdad Railway, as a project threatening British commercial interests. ⁹⁰

From London Djavid Bey went to Berlin. The German Government saw at once the golden opportunity which was offering itself of reëstablishing the predominance of German prestige and influence at Constantinople. Upon instructions from the Kaiser, Chancellor von Bethmann-Hollweg persuaded the Deutsche Bank to organize the German and Austrian banking resources in order to give to Turkey on favorable terms such financial assistance as she wanted.91 A great German-Austrian Consortium was hastily organized, which gave Djavid Bey a large advance on the loan still to be negotiated. Helfferich, a director of the Deutsche Bank, left immediately for Constantinople, and within forty-eight hours a contract for a loan to be floated early in 1911 was negotiated and signed, which did not contain stringent financial guarantees for the creditors such as those which had been insisted upon by the French Government to the injury of the amour propre of Djavid Bey. As Helfferich says, "The German status in the new Turkey was now stronger than it had ever been under Abdul Hamid.92

Russia meanwhile had become somewhat reconciled to the Bagdad Railway as inevitable regardless of what position it took, and in the autumn of 1910 had entered into the secret Potsdam agreement with Germany, withdrawing its opposition to the Bagdad Railway. The Russians had misgivings

spuritheness to the energetic representations made to Cassel by Hardinge and Mallet, the conclusion of a Turkish loan in London has been rendered impossible for the present. The London Cabinet has assured Pichon of its future support in this matter. . . . "Russian Chargé at Paris to Russian Foreign Minister, September 26, 1910. Siebert, op cit., p. 302. (Hardinge was the British Ambassador at St. Petersburg, Mallet was an undersecretary in the Foreign Office at London, and Pichon the French Foreign Minister.)

⁹⁰ Earle, op. cit., p. 225.

⁹¹Grosse Politik, XXVII, 700 ff.

⁹²Helfferich, *Die deutsche Türkenpolitik*, pp. 22, 23; Mahmud Moukhtar Pacha, *op. cit.*, p. 106.

as to the wisdom of refusing Turkey financial aid except on humiliating conditions, because of the danger that it might drive Turkey back into close alliance with Germany. Such was clearly the position of the Russian Ambassador at Constantinople.⁹³

Late in 1911, the Russian Ambassador at Constantinople, apparently acting beyond his instructions, proposed to Turkey an agreement of which the main provision was to be the opening of the Straits to Russian war vessels. One of the compensations to Turkey was to be a Russian pledge to help Turkey get financial assistance in Paris for the construction of railways in Eastern Anatolia, to connect with the Russian system at Kars. The Turks gave a copy of the offer to the British, and when later the Russian Ambassador at Constantinople made a formal demand for the opening of the Straits, Turkey, supported by Britisr and French declarations that they would take no part in exercising pressure on her, refused. Russia thereupon disavowed and recalled her Ambassador at Constantinople.94

The French opposition to the Bagdad Railway had also weakened, and negotiations between the German and French diplomats and bankers for cooperation in Turkish enterprises were resumed in 1911. Caillaux offered on behalf of France to negotiate a general liquidation of the matters at issue between the two countries, including the admission of German securities to listing on the Paris Bourse, but the Germans thought that more rapid progress would be made by piecemeal negotiations. 95 But first the Turco-Italian War, and later the two Balkan Wars, interrupted the negotiations. Late in 1913 they were resumed, and in February 15, 1914, there was framed by bankers and diplomats jointly a Franco-German understanding. The French were to surrender their share in the Bagdad Railway and to receive Turkish Government securities in return for such Bagdad Railway securities as they held; the French and the Germans were to participate in

⁹³Cf. Siebert, op. cit., pp. 300, 1.

⁹⁴Mahmut Moukhdar Pacha, op. cit., pp. 203 ff.; Gooch, op. cit., pp. 488-489.

⁹⁵ Erich Brandenburg, From Bismarck to the World War, London, 1927, p. 382.

the reorganization of Turkish finances; spheres of influence in Turkey were assigned to each country; and each promised not to hinder the enterprises of the other. Final ratification of this agreement was to wait upon the conclusion of a complementary Anglo-German agreement. In July, 1914, an agreement was finally reached with the British, which was awaiting signature when the Sarajevo murder occurred.

In the meanwhile Turkey needed funds for internal reorganization and for restoration of her finances after the Balkan War. Turkey turned first to the Germans, who replied that they were not in a position to help her, and advised recourse to the Paris money market. Djavid Bey was thereupon sent once more to Paris to seek a loan and to obtain access to the Paris Bourse for Turkish securities.97 The veto against listing of Turkish securities was still in effect, to meet the wishes of Russia, and in January, 1914, Poincaré asked Izvolsky when Russia would give its consent to the removal of the veto. Izvolsky replied, when Turkey met Russian demands for Armenian reforms and for the dismissal of the German military mission, and pledged herself not to use the proceeds of the loans for military purposes. The French thought they saw signs of estrangement between Turkey and Germany, and were afraid that a continuance of the Franco-Russian financial boycott of Turkey might drive Turkey back to Berlin, as had happened in 1910.98 Russia presumably removed its veto shortly thereafter, for early in 1914, a loan contract was signed, and on April 25, 1914, there was issued in Paris the first series of a large Turkish loan, amounting to 500 million francs nominal value.90 This loan was admitted to listing by the Paris Bourse, apparently against the wishes of the directors of the Bourse and under compulsion of the French Government.100

⁹⁶Earle, op. cit., pp. 250 ff.; Helfferich, Die deutsche Türkenpolitik, pp. 26 ff.

⁹⁷Djemal Pasha, Memoirs of a Turkish Statesman, 1913-1917, New York, 1922, pp. 65 ff.

⁹⁸ Livre Noir, II, pp. 234-235 (Izvolsky to Sazonoff).

⁹⁹For an advertisement of the loan by the French underwriters, see *L'Économiste Français*, April 18, 1914, p. 589.

¹⁰⁰Cf. Yves Guyot, "The Amount, Direction and Nature of French Investments," Annals, November, 1916, p. 38.

In December, 1913, Perier, a Paris banker, had made a loan to Turkey. To a protest by the Russian Ambassador at Paris, the French Government replied that the loan had been made without its knowledge or approval, but that it had no means of preventing it, since there had been no application for listing. The French Government reprimanded Perier, and forced him to surrender his option for a further installment of the loan.¹⁰¹

To prevent a recurrence of such episodes, M. Caillaux, the French Minister of Finance, addressed a circular to the banks, bringing to their attention the inconvenience which might result to the Government from their emission of large loans to foreign governments without prior official authorization.¹⁰²

Bulgaria

In 1878 Bulgaria won its autonomy from Turkey by force of arms, with the assistance of Russia. Until 1886 Bulgaria was a protégé of, and under the influence of, Russia. In 1887, however, the election by the Bulgarian Sobranje of a German prince as ruler of Bulgaria angered Czar Alexander of Russia, and until 1896 Bulgaria looked to Austria rather than to Russia for support. Such external loans as she floated during this period were underwritten largely by Vienna banking-houses. In 1896, however, there occurred a reconciliation between Czar Nicholas of Russia and Prince Ferdinand of Bulgaria, and Bulgaria again came under Russian influence, to remain so without serious interruption until 1913. In 1902 Bulgaria floated its first important external loan since 1892.

¹⁰¹Livre Noir, II, 207, 214. It has been stated that Perier was fined for making this loan without authorization. ([George Young], Nationalism and War in the Near East, Oxford 1915, p. 296, and my article, "The Political Aspects of International Finance," Journal of Business of the University of Chicago, April, 1928, p. 165, note.)

¹⁰²Livre Noir, II, 212.

¹⁰³On the close relation between Austrian political and financial support of Bulgaria during this period, see George von Siemens, "Die Nationale Bedeutung der Börse," Die Nation (Berlin), October 6, 1900, p. 7.

Of this loan, amounting to 106 million francs, French bankers subscribed 92 millions and the Russian State Bank, 14 millions. 104 In 1904 and 1907 new loans were floated in Paris.

In 1908 Bulgaria, with the secret support of Austria, declared its independence of Turkey. There ensued a diplomatic duel between Austria and Russia, to decide which of them was to be the chief intermediary on behalf of Bulgaria in reconciling Turkey to the new situation, and was consequently to attain dominant influence at Sofia. In order to assuage Turkey, it was necessary that she be given a pecuniary indemnity. Austria, supported by most of the Powers, urged the plan of floating a Bulgarian loan with an international guarantee, whose proceeds were to go to Turkey. Russia, on the other hand, succeeded in securing Turkish acceptance of an arrangement whereby in return for the surrender by Russia of certain annuity payments to which Turkey had pledged itself under the Treaty of Berlin, 1878, Turkey would acknowledge Bulgarian independence, and Bulgaria would become indebted to Russia for the amount of these payments. In this way, Russia substituted herself for Turkey or the Powers as the creditor of the new kingdom. 105

In 1909 Bulgaria sought another loan in Paris. The Banque de Paris, which had underwritten the 1902 loan, complained that Bulgaria was offering inadequate security, and rejected the loan. Another French bank, the Crédit Mobilier, thereupon offered to take the loan on the terms offered, but the French Government denied it official listing because of Bulgaria's refusal to pledge herself to use part of the proceeds for contracts to French industries. The Russian press criticized this action of the French Government. Its effect, they said, would be to drive Bulgaria away from the Entente Powers and into the arms of the Central Powers. In January, 1910, Bulgaria succeeded in negotiating the loan with

¹⁰⁴A. Andréadès, op. cit., p. 83. For German participation in minor Bulgarian loans during this period, see, however, Helfferich, Georg von Siemens, III, 10 ff.

¹⁰⁵British Documents V, 548, 576; Crozier, La Revue de France, May 15, 1921, p. 338.

¹⁰⁶ Andréadès, op. cit., p. 85. 107 British Documents, IV, 814.

an Austro-Hungarian consortium. It was admitted to listing upon the Vienna Bourse, but upon instructions from the German Government listing on German exchanges was denied to it because of Bulgarian refusal to grant contracts to German concerns. Late in 1911, upon the signature by the two countries of a new commercial treaty which ended their tariff controversy, the loan was admitted to the Hamburg Bourse. It is not clear that political considerations connected with Bulgaria's foreign policy were a factor in the delay before the loan was admitted to listing in Germany. Bulgaria intended to use the proceeds of the loan to liquidate her indebtedness to Russia arising out of the latter's assumption of Bulgaria's indemnity obligations to Turkey in connection with her declaration of independence of 1908.¹⁰⁸

In the succeeding years, France and Russia seriously mistrusted the trend of Bulgaria's foreign policy and attempted to make use of their financial hold over Bulgaria as a means of enticing her into the Triple Entente group of powers, or at least of checking her adherence to the Central Powers. In 1912, when Czar Ferdinand seemed to be wavering between Russia and Austria, the Russian Government, under cover of a private Russian bank, gave Ferdinand a secret personal loan of 3 million francs, in the hope that it would be a factor in attracting him toward an understanding with Russia. 109 The Bulgarian Government, preparing for a Balkan war, early in 1912 opened negotiations for a large loan in Paris. At first Izvolsky, the Russian Ambassador at Paris, urged Poincaré to warn the French bank with which negotiations had been opened against granting the loan. 110 In March and May, 1912, however, Bulgaria, with the assistance and encouragement of Russia, signed secret treaties of alliance with other Balkan countries which were plainly directed against Turkey, and in May and June, the Russian diplomats, without

¹⁰⁸S. Schilder, Entwickelungstendenzen der Weltwirtschaft, I, 453 ff.;
W. von Grundherr, Bedeutung der Kapitalanlagen im Auslande, Griefswald, 1914, p. 76.

¹⁰⁰Émile Laloy, Les Documents Secrets . . . Publiés par les Bolcheviks, 4th ed., Paris, 1920, p. 62.

¹¹⁰Ernest Judet, Les Carnets de Georges Louis, Paris, 1924, pp. 195-196.

fully informing Poincaré of what was under way, urged him to facilitate the negotiation of the Bulgarian loan in Paris.¹¹¹

Poincaré, not convinced that the Bulgarian Government was friendly to the Entente Powers, had from the opening of the loan negotiations notified the Bulgarian Government that it would not be permitted to borrow in France until it had given a definite pledge that it would from then on adhere to the policy pursued by the Entente Powers. 112 In June, Poincaré was alarmed by the visit of Ferdinand of Bulgaria to Berlin and Vienna, and suggested to Izvolsky that Russia obtain some sort of guarantee from Ferdinand before a great deal of money was put at his disposal. 113 In the summer of 1912, the Russians finally revealed to Poincaré the contents of the Bulgar-Serbian treaty. Shocked by its provisions, and alarmed also by the prevailing state of excitement in Bulgaria, which seemed to foreshadow an early outbreak of hostilities against Turkey, Poincaré in August, 1912, informed Bulgaria that French bankers could not proceed with the issue of a loan, which would have to be postponed indefinitely.114 The Russian diplomats had themselves become alarmed at the belligerency of Bulgaria. They did not desire a Balkan war, and especially one directed against Turkey, and they therefore supported the French in urging caution upon Bulgaria. In September Bulgarian attempts to negotiate a loan directly with the French banks were unsuccessful.115

In the spring of 1912 the French bank with which negotiations had been carried on had advanced 25 million francs to Bulgaria. Later in the same year, after the Armistice of Tchataldja, the same bank made another advance. ¹¹⁶ During the same year, advances to Bulgaria had also been made by Russian banks. Bulgaria had issued Treasury notes for these advances, and was being pressed for their payment.

¹¹¹Siebert, op. cit., pp. 344, 346.

¹¹²Ibid., p. 340.

¹¹³ Ibid., p. 347.

¹¹⁴Les Affaires Balkaniques 1912-1914 (French "Livre Jaune"), Paris, 1922, I, 47-48; 5; R. Poincaré, Au Service de la France, II, 33.

¹¹⁵Les Affaires Balkaniques, I, 64.

¹¹⁶R. G. Lévy, "Les Finances des États Balkaniques et les Bourses Européennes," Revue des Deux Mondes, December 1, 1912, pp. 569-570; "Les États Banquiers," loc. cit., March 1, 1913, p. 200.

On October 8, 1912, the four-power Balkan Alliance promoted by Bulgaria opened hostilities against Turkey, and soon defeated her. A treaty of peace was signed in London, on May 30, 1913, but before it had been ratified¹¹⁷ quarrels over the spoils among the victors led to the outbreak of the Second Balkan War. Bulgaria opened hostilities against her former allies. She was quickly and badly defeated, and on August 10, 1913, she accepted the hard terms of peace imposed upon her by the victors.

After Bulgaria's disastrous defeat, a new cabinet, led by Radoslawoff, a pronounced Germanophile, came into power. Radoslawoff felt that Russia had deserted Bulgaria in its difficulties.118 With the Treasury empty, the holders of the Treasury notes pressing for payment, and urgent internal need for funds to rehabilitate the country exhausted from two years of almost continuous warfare, the successful flotation of a foreign loan was vital to the continuance in office of the new ministry. Negotiations were first attempted, in October, 1913, with the French banks, but met with an unfavorable response. Radoslawoff then turned to the Central Powers. He succeeded, with the assistance of the Austrian Government, in negotiating a short-time loan in Vienna, the proceeds to be used in liquidating French indebtedness. This was not sufficient, but the Austrian banks were unable to do more. Early in 1914, the Berlin Disconto-Gesellschaft was prevailed upon, at the instance of the German Minister to Bulgaria, to initiate negotiations for a 500 million franc loan. The German bankers at first insisted upon revenue controls and guarantees which Bulgaria regarded as excessive. 119 It was necessary also to secure the consent of the German Government, and this was at first withheld because of Roumanian protest against the loan. Finally, however, the Roumanian

¹¹⁷On June 11, 1913, Pinchon, the French Foreign Minister, replied, to a request of the Bulgarian Minister at Paris that French banks be authorized to make a new advance of 25,000,000 francs to Bulgaria, that Bulgaria would not get a kopeck until it settled pacifically its dispute with Serbia along the lines desired by Russia. (Livre Noir, II, 96.)

¹¹⁸Cf. Vasil Radoslawoff, Bulgarien un die Weltkrise, Berlin, 1923, pp. 83-86.

¹¹⁹ Radoslawoff, op. cit., pp. 89 ff.

protest was withdrawn, the consent of the German Government obtained, and changes in the terms of the loan contract made which were mutually satisfactory to the bankers and to Bulgaria, and on July 12, 1914, the loan contract was signed.

When the Entente diplomats learned of the favorable progress of the negotiations with the German bankers, they made frantic efforts to bring about the breakdown of the negotia-Concerted diplomatic pressure was exerted by the Russian and French, and probably also British, Ministers to stop the loan. Efforts were made by the Russian and French diplomats to prevent the participation of any French, Belgian, or English capital in a German loan to Bulgaria, and categorical instructions to this effect were given to the French banks. 120 Finally, upon Russian suggestion, the French decided upon the plan to offer to lend to Ferdinand personally, in order not to lend strength to his Germanophile Cabinet, and to make preliminary advances with the promise of a final loan to follow. If Ferdinand could be induced to accept a short-time advance, the Entente Powers would have a hold over him, which they could use by making the appointment of a new Cabinet a condition of the grant of a permanent loan. But the French Government was unable for some time, in spite of its utmost efforts, to induce any French banks to make an offer, and before they succeeded in presenting a definite offer of a loan to Bulgaria, the German bankers had obtained an option on the loan in return for a temporary advance of 100 million francs.121

The Entente diplomats made a final attempt to prevent the consummation of the loan by arousing opposition to it in the Sobranje. But on July 16, 1914, the administration, in a violent session, and in the face of vigorous opposition, obtained ratification of the loan contract.¹²² That the closing of the loan contract by the German bankers was an important diplomatic victory for the Germans is clearly brought out in a

¹²⁰Siebert, op. cit., pp. 450, 451.

¹²¹ Livre Noir, II, 269-271; Radoslawoff, op. cit., p. 100.

¹²²Radoslawoff, op. cit., pp. 100, 101; A. Savinsky, Recollections of a Russian Diplomat, London (1927?), pp. 217-223. Savinsky, who was the Russian Minister at Sofia at the time, insinuates that Radoslawoff had been bribed by the Germans to support their offer.

report of the German Minister at Sofia to Berlin. Radoslawoff told him that now the loan had been arranged, the Cabinet was in a strong position and could strike out on a program of its own, and that, with the full approval of Czar Ferdinand, he was prepared to enter into negotiations for a close alliance with Germany.¹²³

The Disconto-Gesellschaft had insisted upon the insertion in the loan contract of a provision reserving to itself the right to cancel the contract if war broke out, or if the old Bulgarian loans fell below specified quotations, in the interval between the signature of the contract and the date of emission of the loan.¹²⁴ Upon the outbreak of the war, the German bank invoked this clause, and the loan was never realized by Bulgaria.¹²⁵

Other Balkan Countries

Information is scanty as to the part played by balance-ofpower diplomacy in the financial operations of other Balkan countries, and only a few scattered incidents call for mention. In 1881, Serbia, reacting against Russia's support of Bulgaria at her expense at the Congress of Berlin, signed a secret treaty of alliance with Austria. The political treaty was accompanied by an economic arrangement, under which Serbia agreed to build railroads integrated with the Austrian system in return for Austrian Government support for a Serbian loan. 126 The Serbian loan was floated in Vienna by the Länderbank, semi-state institutions, and the Austrian Government apparently forced the listing of the Serbian securities on the Vienna Bourse against the protest of the latter.127 With the accession of Peter to the throne in 1903, after the murder of King Alexander and the Queen, Serbia turned from Austrian to Russian influence. In 1910, Serbia

¹²⁸Outbreak of the World War, German Documents Collected by Karl Kautsky, New York, 1924, I, 177.

¹²⁴The text of the loan contract is in Le Marché Financier, 1913, pp. 723 ff.

¹²⁵ Andréadès, op. cit., p. 85.

¹²⁶ Georges Y. Devas, La Nouvelle Serbie, Paris, 1918, p. 247.

¹²⁷Max Wirth, Geschichte der Handelskrisen, Frankfurt a. M., 1883, pp. 638 ff.

was permitted to float a loan in Paris, and again early in 1914, after Russia had given its consent to the French Government.¹²⁸

Because of the leanings of Roumania toward the Triple Alliance, her securities had for many years found a welcome market in Germany, and had been excluded from listing at Paris. Early in 1913, Roumania sought a large loan to pay the costs of her continued mobilization throughout the Balkan Wars and for other military purposes. The Deutsche Bank invited the participation of a French bank, the Comptoir d'Escompte, in its flotation, but under pressure from the French Government the latter refused. Late in 1913 there was a change in the direction of Roumania's foreign policy favorable to the Entente, and with the active encouragement of the French Government, the Roumanian Minister of Finance carried on direct negotiations with the French banks. For reasons which the documents do not make altogether clear, but apparently due to reluctance of the French banks to submit docilely to Government pressure, the negotiations collapsed when almost at the point of success,130 and the loan was finally floated in Germany.131

In October, 1913, the French Government refused an advance to Montenegro, because of the intrigues of the King of Montenegro with Austria, but before the year ended, France agreed with Russia to support an international loan to Montenegro, guaranteed by the powers, and to facilitate to grant to her of an advance on this loan.¹³²

It seems clear that during the years immediately preceding the outbreak of the War, the main use to which France, in close association with Russia, put its financial power in so far as the Balkans was concerned, was to exert pressure upon them to settle their differences amicably.¹³³

¹²⁸ Livre Noir, II, 174, 177, 226.

¹²⁹ Ibid., II, 14.

¹³⁰ Ibid., II, 156, 157 ff.

^{131 [}George Young] op. cit., p. 319.

¹³²Livre Noir, II, 156, 217. In 1912, Montenegro had obtained a loan at Vienna (Siebert, op. cit., p. 332).

¹⁸³Cf. Izvolsky (to the Russian Foreign Office), April 24, 1913, Livre Noir, II, 4.

Japan

Financial negotiations played some part in the diplomacy which preceded the conclusion of an Anglo-Japanese Alliance in 1902. But information is available only from non-Japanese sources, and is scanty and vague. Japan, during 1901, was engaging simultaneously in negotiations for an alliance with England and an entente with Russia. Financial considerations were an item in the inducements offered by both England and Russia. In 1901, Japan's finances were in unsatisfactory shape. An ambitious program of military and other expenditures had been embarked upon, which had proved to be more than could be financed by ordinary revenue and internal borrowing. Attempts to float an external loan in New York and elsewhere had failed.184 Rumors were circulating that Japan was contemplating entering into alliance with Russia, and that Russia had offered to facilitate the flotation of a Japanese loan in Paris, presumably in return for Japanese adherence to an alliance. In July, 1901, Eckardstein, the German Chargé at London, reported to Berlin that he had learnt from Lansdowne, the British Foreign Minister. that Hayashi, the Japanese Minister at London, in reply to a question as to the truth of these rumors, had admitted that Russia had offered to arrange for a Japanese loan in Paris, but that Japan had postponed making a definite reply to the offer,185

The British Ambassador at St. Petersburg later reported to London that Japanese attempts to float a loan in Paris had failed, because of uncertainty in Paris as to the relations between Japan and Russia with respect to Korea and Manchuria, but that the French Government had encouraged Ito, the Japanese emissary, to go to St. Petersburg "in order to obtain assurances from the Russian Government which may satisfy French finances and thereby facilitate the raising of a Japanese loan." ¹³⁶ Ito was in Russia for some time during

¹³⁴Cf. Times (London), October 26, 1901; November 30, 1901.

¹³⁵ Eckardstein, op. cit., II, 363, 364; 369 ff.

¹³⁶British Documents, II, 57, 58. André Tardieu (op. cit., p. 257) is critical of French diplomacy in this connection, and thinks that the Quai d'Orsay was not alert to its opportunities.

the latter half of 1901, but his negotiations there were without result.

Lansdowne had given Eckardstein the impression in July that he was personally prepared to do his utmost to obtain for Japan in England all the financial assistance she might desire. In August, 1901, Kaiser Wilhelm reported a conversation he had had with King Edward and Lascelles, the British Ambassador at Berlin, in the course of which Lascelles had denied the truth of the statement made to Berlin by Russia that Japan had asked England for financial assistance and had been refused. Lascelles explained that on the contrary Japan had refused an English offer of assistance, but he admitted that this was because conditions were attached to the English offer which Japan considered unacceptable. 138

In December, 1901, a Far Eastern newspaper revealed a secret agreement between Russian and Chinese officials, which seemed to threaten the indefinite prolongation of the Russian occupation of Manchuria. On January 20, 1902, the Anglo-Russian Alliance was signed. Just what part, if any, financial considerations played in the final negotiations, is not revealed in the available sources. It may not have been altogether a coincidence, however, that in October, 1902, Japan succeeded in floating a loan for five million pounds in London, which was heavily oversubscribed.

Late in December, 1903, and again in January, 1904, or just before the commencement of hostilities in the Russo-Japanese War, Japan asked the British Government for direct financial assistance in the form of a loan or a loan guarantee, but was refused. Hayashi was told by Lansdowne that such assistance would be interpreted as a violation of neutrality and would be difficult to defend in Parliament.¹⁴¹ But loans

¹³⁷Eckardstein, *loc. cit.* The German interest in the negotiations is to be explained by the fact that at this time the formation of a tripartite alliance between England, Germany, and Japan, was under more or less serious consideration.

¹³⁸ Grosse Politik, XVII, 96.

¹³⁹The Secret Memoirs of Count Hayashi (New York, 1915), although they deal in detail with the Japanese negotiations with Russia and with England, make no mention of financial discussions.

¹⁴⁰L'Économiste Français, October 17, 1902, p. 522.

¹⁴¹British Documents, II, 227, 228; 230-231.

floated in London played an important part in Japan's financing of the war,¹⁴² and unofficially the British Government took a benevolent interest in their successful floation.¹⁴³

During the war, Japanese loans were not admitted to the Paris Bourse. Substantial amounts of the Japanese war securities were nevertheless sold in Paris. In 1907, after the reconciliation between Russia and Japan and the negotiation of the Franco-Japanese agreement of June 10, 1907, half of a Japanese loan of £23,000,000 was issued in Paris, and was admitted to the Bourse, the other half being floated in London. It is a part of the London.

Some Conclusions

This account, although it is undoubtedly incomplete, suffices to demonstrate that financial negotiations were an important element in the pre-war balance-of-power diplomacy. In almost every important instance, the successful negotiation of an entente or alliance was aided by loan negotiations, and in several cases the financial inducements appear to have been a decisive factor in the success of the negotiations. On the other hand, refusals to permit loans to be negotiated were on several occasions an important factor in destroying the chances of establishing a favorable alliance or of securing the termination of a hostile one. Refusal to permit loans, or at least refusal to admit loans to listing, was an almost invariable punishment for membership in a hostile alliance. Press campaigns against their credit, sometimes officially instigated, were an additional penalty to which countries were subjected if they participated in hostile alliances. In such

¹⁴²Cf. U. Kobayashi, War and Armament Loans of Japan, New York, 1922, pp. 79 ff.; Helfferich, Das Geld im Russisch-japanischer Kriege, p. 163

¹⁴³Cf. the memorandum of Korekiyo Takahashi, at the time Financial Commissioner of Japan to London and New York, in Cyrus Adler, Jacob H. Schiff, His Life and Letters, New York, 1928, I, 213 ff.

¹⁴⁴Kobayashi, op. cit., p. 79.

p. 218: "Already we have experienced material benefits from it [i.e., the Franco-Japanese Agreement] in connection with the floating of Japanese bonds on the French market." Cf. also Tardieu, op. cit., p. 277.

cases, the objective of the financial boycott was sometimes not so much to inflict punishment for participation in a hostile alliance or to win them away from it, as to withhold from potential foes the means whereby to build up economic or military strength.

Germany and France, as the great external markets for government securities, played the leading part in this defensive and aggressive financial diplomacy, but Russia also, through its influence over the French Government, played an important rôle. A striking instance of the use of financial measures as a diplomatic weapon was the exchange of debtors by Germany and France in 1887 in consequence of the shift in political alignments of the creditor countries. Russia, driven out of the German capital market, found financial support in Paris. The French drive against Italian securities made it easier to build up a market in France for Russian securities. On the other hand, the sale by German investors of their Russian securities made it easier for them to absorb the Italian securities unloaded by French investors. It is significant confirmation of the existence of a financial counterpart to the political relations between the Powers that the financial alignment of the debtor countries with respect to France and Germany during the years preceding the outbreak of the war was also, in most cases, their military alignment during the war. The opening of the Paris market to Turkish loans early in 1914 was the only exception and even this instance was due, it would seem, to French belief that Turkey might not be definitely committed to alignment with the Central Powers in case of a great war, as well as to insistence by French capital that the Turkish investment opportunities be not surrendered wholly to the Germans.

In this financial phase of European balance-of-power diplomacy, England took almost no part. Lack of interest of British investors in continental government securities and the laissez faire traditions of England, especially strong in the "City," are probably ample explanation. The smaller European countries which kept themselves free from alliances, Holland, Belgium, the Scandinavian countries, Switzerland, and Spain, either were not debtor countries, or were able to

borrow where they pleased without diplomatic complications. In this financial diplomacy, as in the balance-ofpower diplomacy of which it was a part, the United States also was a non-participant.

Appraisal of the success with which France and Germany used their control over their money markets as diplomatic instruments is difficult in the absence of knowledge as to what would have occurred if they had acted differently from what they did. It seems clear, however, especially if allowance is made for her more limited financial resources, that Germany was on the whole more successful than was France, and obtained more energetic and venturesome support from her bankers than did France. In only one instance did Germany make what can be regarded as a serious diplomatic mistake in her foreign loan policy, when Bismarck, by his veto of 1887 against Russian securities, helped to drive Russia into alliance with France. Germany, by encouraging the grant of loans to these countries, strengthened her alliance with Austria; kept Italy for many years out of the French group and until the outbreak of the war made her alignment in case of a European war at least uncertain; and won the support of Turkey and Bulgaria. France, on the other hand, by the display of financial hostility at inopportune moments, strengthened the Italian attachment to the Central Powers from 1887 to 1900, drove the new Turkey back into alliance with Germany in 1910, angered Bulgaria in 1909, and in 1913 and 1914 lost her duel with Germany for Bulgaria's support. Her one diplomatic victory due in part to the use of the financial weapon was the Franco-Russian Alliance, but the grant of financial aid to Italy at a critical period in 1900-1901 appears to have been an important factor in lessening the danger to French Interests of Italy's continuance as a member of the Triple Alliance. Inadequate support from her bankers was a factor in the failure just before the outbreak of the War to win Bulgaria. No attempt is made here, however, to decide just what weight the financial aspects of European diplomacy

¹⁴⁶This probably does not apply to Greece, but no material has been found which throws any light on the relation between its financial transactions and its foreign policy. As a military factor, Portugal was a negligible quantity, and was so treated by the Powers.

had in the final alignment of the Powers. That task is left to the diplomatic historians. If any thesis in this connection is here supported, it is only that the routine diplomatic history does not give the financial phase of diplomacy the attention it deserves.

The wisdom, even from the strictly nationalistic point of view, of extending the area of diplomatic controversy into the financial field, may be seriously questioned. It resulted in investors being encouraged to make unsound investments and being restrained from making sound ones. It at times made it impossible for governments to maintain relations with banking houses which had in the past served them well. It added to the economic costs of the diplomatic struggle and it served to nourish rivalry in armament expenditures. But given the pre-war diplomatic situation, it would have been almost suicidal for either Germany or France to have refrained from making use of the powerful weapon supplied by control over surplus capital resources as long as the other used it to the utmost. In both countries, the governments had strong support from public opinion in their use of control over the money market for diplomatic purposes, and popular criticism was levelled rather at inadequate than at excessive exercise of political control. Only from the bankers and their journalistic spokesmen, who found the government attempt to supervise their activities irksome, was any protest heard. Even the radicals supported political control, although rarely the specific objectives which it was made to serve. A somewhat similar story to that which has been told here could be related with respect to pre-war tariff diplomacy. There is some evidence also that since the War financial negotiations have again played a part in the formation of political alliances.

In all of these transactions the bankers seem to have been passive, and in some cases unwilling, instruments of the diplomats. What the bankers wanted primarily were profits, and they were willing to engage in any transactions which promised good financial returns, but not in the face of either clearly expressed government disapproval or of hostile public opinion. Whether because of their patriotism or for other reasons, they could be induced upon occasion to participate in risky and unattractive transactions, if strongly urged to do so. As a

rule, of course, they soon unloaded their securities on their clients, and when the investment seemed risky, their commissions were usually fatter in proportion. But the great banking houses were vitally dependent for their continued prosperity upon their ability to retain the confidence of their clients, and could not afford totally to disregard the quality of the securities that they undertook to sell. But aside from their attitude toward particular transactions, the bankers in general seem to have been pacifically inclined, and to have been much more favorably disposed than were their governments to international cooperation and reconciliation and to settlement of difficulties by friendly negotiation in a spirit of mutual compromise. Bankers rarely favor an aggressive policy toward powerful adversaries, or even toward weak countries if the latter have powerful friends. Whatever their attitude toward weak and friendless countries, in the diplomacy of the Great Powers they are a pacific influence. Because this is generally recognized—and often resented—in diplomatic circles, and also because their cosmopolitan friendships and associations and their non-official status make them ideal intermediaries when reconciliation is sought but formal diplomatic negotiations with this in view would be premature or otherwise inconvenient, they have often been made use of in this way. As spreaders of oil on troubled waters, they have often performed a valuable service. But for the claim sometimes made that the bankers exercised a controlling influence over pre-war diplomacy, the available source material offers not the slightest degree of support. There would be much more truth in the generalization that diplomacy exercised a controlling influence over pre-war international finance.

THE SUCCESS OF COOPERATION AMONG LIVESTOCK PRODUCERS IN THE UNITED STATES OF AMERICA

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I. DIFFERENT FORMS OF COOPERATIVE MARKETING

The remarkable success attained by the California Fruit Growers (who handle oranges, lemons, and grapefruit) and the world-wide celebrity of their Sunkist brand gave a notable lead to cooperative marketing in the United States of America. But this lead was not without its disadvantages: for after the War it encouraged hasty imitations by other fruit producers, whose problems differed from those of citrus fruit growers, and their disappointments and embarrassments threw suspicion on cooperation as a general solution of the marketing problem. Furthermore, those who advertised the success of the California Fruit Growers emphasized unduly one side of it, the fact that it merchandised a perishable fruit. Therefore, there is a feeling abroad today that cooperation is only of decisive value in the case of perishables and that its most distinctive tasks are the control of car routing and the avoidance of momentary fruit gluts which so greatly impress the popular mind. The feeling has been strengthened by the inability of American grain growers to carry cooperation beyond the operation of local elevators. Local feeling is so strong that attempts to enter the central market with a cooperative line elevator system have hitherto failed. One might expect the elevator managers to see the advantages of integrated marketing, but they are frequently the appointees of the grain companies which buy the grain and finance the local elevator itself. When a new manager has to be appointed, the buyers of the grain companies are prompt to suggest successors who will follow the same policy. Therefore other producers have been able to learn little from the grain growers, although in Canada the grain growers have set the pace to all the other forms of cooperative endeavor.

A great country learns more readily from itself than from outsiders, even though they be friendly neighbors; and it is therefore of the first importance that within the last six years strong terminal marketing associations have arisen among livestock producers in all the great cattle markets of the United States. Livestock is one of the great staples; and the path-breaking work which has been done in this field will perhaps stimulate successful imitation in wheat and other annual crops. The movement covers a number of associations, each doing similar work; and because it lacks a dramatic history or highly advertised name, it is less known than it deserves to be. Therefore American cooperation as a whole is halting before an imaginary obstacle. Because it can not solve the farm question all at once and handle every product like a Sunkist orange, some people are losing faith in it. Yet the cooperative record in livestock marketing is so substantial that if its significance were realized, it would surely induce a further advance along the agricultural line.

2. THE NEW LIVESTOCK MARKETING MOVEMENT

In 1926 cooperative livestock commission agencies, entirely owned and controlled by livestock producers, handled in the nineteen leading markets of the United States over ten million animals. The value of livestock sold was nearly three hundred million dollars. These cooperative agencies vary greatly in size. In each of the large markets of Chicago, East St. Louis and South St. Paul the cooperative trade in 1926 exceeded \$40,000,000, in contrast with an average of under \$4,000,000 in the three smallest markets. The percentage of coöperative to total market receipts also varies greatly. It was greatest in the small market of Evansville (Indiana) with 47.1 per cent; after which comes the very large market of South St. Paul with 33.2 per cent. The average works out at 16.1 per cent; and thus today, though the cooperatives have not the majority of the trade, they are in most markets the biggest single terminal commission agency. The reasons which took the Canadian Grain Growers on to the Winnipeg Grain Exchange were also those which prompted American livestock producers to their recent efforts. (1) At a time when their own production costs were rising, they desired lower rates for the selling of their livestock and felt that they could only secure them by operating an agency of their They have not cut rates. They agree to follow the general trading practices on the market, for example, not to solicit business from truckmen on the unloading platforms. But they secure the equivalent of lower rates in savings out of the commission business; and these, by the Packers and Stockyards Act of 1921, they are entitled to refund to patrons who are bona fide members of their association. (2) Small shippers felt that the large feeders and ranchmen when they came to market received special attention, that their livestock was fed and watered first, sold and weighed first, and that other stock received attention only at the convenience of the firm. By association they aimed to secure equality with the big man. Today, however, an increasing number of large livestock feeders are consigning their business through local shipping associations. This is to be encouraged, but should it be encouraged up to the point of granting special terms to large shippers.? This issue was debated at Edmonton, Canada, in June, 1928, at an informal dinner given by the directors of the Alberta Livestock Producers, Ltd., to some guests of the Alberta Institute of Coöperation, among whom were the writer and Mr. C. G. Randell, author of Bulletin No. 57, Coöperative Marketing of Livestock in the United States by Terminal Associations, U. S. Department of Agriculture, 1928. Mr. Randell urged that this was justifiable. Such bulk shipments were easy to handle and helped to reduce the overhead of the shipping association. The reaction of the Alberta men was instructive. They insisted that it would be fatal; that most of their members were small men and would break away if this were done; that it was not true coöperation; that they had tried first this method and then that, and now that they had found the right way they dared not imperil it for the sake of extra business. (3) And above all, the farmers desired to be in serious business for themselves. Their sense of justice was violated by the thought that the profit they made by tending their stock for seven days a week over many months should be no bigger than that netted by the salesman in a few minutes. The grain

growers out in the Canadian prairie felt similarly about the speculators on the Grain Exchange.

The new movement dates from 1916. It was the third time of trying. The American Livestock Commission Company of 1889 had but a short life, which was terminated when it lost its membership on the Chicago Livestock Exchange. The Coöperative Livestock Commission Company of 1906 was a protest against the proposed increase of rates by the livestock commission companies. The last branch of this organization closed down on December 31, 1909. Because it rebated its surplus earnings to all members, it met with the organized hostility of the Exchange and this was fatal to it. During the war, however, when prices were rising, producers were in a stronger position and this time there was no setback. first of the new series was the Farmers' Union Livestock Commission of Omaha. It began business in April, 1917, and succeeded in spite of the fact that for the first year it was denied admission to the Exchange. The Farmers' Union, which sponsored this initial success, was a nation-wide farm organization. It promoted cooperative marketing in other commodities as well as in livestock, and its name occurs in the title of nine out of the twenty-five cooperative livestock commission companies which were in successful operation in 1926. In 1921 a committee of the American Farm Bureau Federation presented a plan for the establishment of cooperative commission agencies under a national organization called the National Livestock Producers' Association. agency opened under these auspices was the Producers' Livestock Commission Association of East St. Louis, January, 1922, and similar associations were opened at five other central markets in the same year. In 1923 six more were established (of which two subsequently went out of business) and one more in each of the years 1924, 1925, and 1926. In addition to these two groups, namely, those of the Farmers' Union (9) and those of the National Livestock Producers' Association (13), there are three independent cooperative commission agencies, making a grand total of twenty-five in operation in 1926.

"Approximately 65 per cent of the livestock that is handled by the cooperatives is shipping-association business. The

remainder is contributed by stockmen who ship individually or who send stock to the markets by motor truck. A few agencies in the Middle West receive over 90 per cent of their business from shipping associations." (Randell, op. cit., p. 17.) Local shipping associations secure economies in themselves. Someone must perform the task of local assembly, gather the stock into car-load lots and see that it is shipped under proper conditions. Doubtless the itirerant trader, the drover, can do this as effectively as the shipping association, but when a trader in touch with the market goes among producers who are out of touch with it, it is not likely that he will regularly pay a price which, after allowing a fair profit, is in line with the price at the terminal market. When cattle, as they frequently do, change hands several times before reaching the market, the profit on each trade comes out of the original The local shipping association does two things: it puts the shipper in contact with the central market price and it stimulates him to regulate and better production. When local associations fail, it is usually because the members have not the sense to judge their associations by long-period results. When the market is rising, the drover is then willing to offer a little more than the association can obtain, and no association has a chance if its members support it only when the market is depressed and the drover's price is unacceptable. If the members stay by their association and their returns nevertheless are unfavorable, they are in a position to find out where the fault lies. Perhaps it lies with the secretary of the association, in which case they must get a better man; perhaps it lies with the stock they send in, in which case they must improve their production. In Canada a common fault in new districts is the keeping of too great a variety of breeds, and local associations have been a valuable agency for the correction of this fault.

From the standpoint of the commission agency the value of the local association is two-fold. It is a source of custom and a point of liaison between itself and new business, the business of new shipping associations or of large individual stockmen. One reason why the movement of 1916 succeeded where earlier movements failed was that in the meantime local

shipping associations had made their appearance by the hundred. The Michigan Livestock Exchange is a notable example of an association of recent growth in which the contact between the terminal agency and the local association is very close. In 1926 it had 32 per cent of the total market receipts. It obtained 95 per cent of its business from 150 local shipping associations; and this 95 per cent represented 85 per cent of the livestock delivered by all local shipping associations to this market.

3. THE SERVICES OF THE AGENCY AND ITS DIRECTORS

The service required of the commission agency is five-fold: (1) the handling of stock in the yards and pens; (2) the sale of stock to the different classes of buyers—packers, butchers, traders and other producers; (3) the purchase of stock (stockers and feeders) for producers who are engaged in fattening stock for the market; (4) office work, which includes the prompt dispatch of mail and the circulation of market letters to members; (5) field work, which includes visits from coöperative salesmen, assistance in cutting out stock, as well as campaigns for increase of membership.

Cattle selling is now a specialized task and the larger associations have salesmen for each class of stock, steer salesmen, butcher salesmen, stocker and feeder salesmen and calf salesmen. Successful salesmen have sometimes earned such prestige that stock has been billed to them instead of the company they serve; and frequently it happened that such a man after a time would withdraw from his company and start a commission business of his own, thus helping to create a larger number of forms than the economy of the situation required. This, too is a danger for the cooperative agences, but it has been found in fact "that a salesman whose connection with an association has been terminated has not been able to take with him any considerable number of patrons." (Randell, op. cit., p. 37.) The association has been stronger than the man; for the contact between the members and the market is not a cash bond only.

But the strength of the cooperative control depends largely on the directors and the directors of a cooperative association have very special functions to perform. It is customary, in writing of cooperatives, to urge that the members will only support their association, if they secure prompt and better returns, and further that cooperation being a way of doing business, the managers must be expert, must be trusted and must be well paid. All this is true, but from this it is not to be concluded that there is no scope for altruism in the coöperative movement. Altruism here means unselfish public spirited work, which, though it may rebound incidentally to the advantages of the doer, is not inspired thereby; it is required of all members and especially of the directors, of whom there were in these commission agencies some 160, in charge of nearly \$300,000,000 of business, in 1926. They organize shipping associations in their home territory, assist in securing suitable state legislation for cooperatives, arrange meetings for salesmen and field service men, cooperate with the press and so on. The objective is the securing of more business, but the appeal which they make as cooperators contributes deeply to the strengthening of the community spirit; and in the respect which such directors win from fellow farmers they find their greatest reward. Too much is made of the half-truth that business is business. This is the criterion by which the management should be conducted but it is not the spirit in which it should be supported.

4. THE NEED OF VOLUME

A few of the California fruit coöperatives (for example, the walnut growers) have secured such success and so large a majority of the total production that they find it wise to adopt now a policy of restrictive membership. They take in new members only every second year, they readmit lapsed members only after payment of a fine. This policy is in part a reaction from the exaggerated use of the iron-clad contract by some coöperatives; and in part a justifiable way of meeting the present problem, which is not that of getting greater volume, but of finding an outlet for volume already assured. But cattle are not fruit, and coöperative commission agencies are in their youth. In 1926 they handled only 16 per cent of the sales on the markets in which they were represented, and their out-bound business, *i.e.*, the purchases of

stockers and feeders, was very light. From their selling commissions the agencies realized nearly 98 per cent of their income. Statistical analysis of results shows that commissions received must exceed \$100,000 before substantial savings can be realized. In 1926, sixteen associations with commissions under \$100,000 made average savings of 15 per cent, while eight associations with commissions of over \$100,000 made average savings exceeding 42 per cent. The saving after the \$100,000 point is very marked. After \$150,000 it continues to increase, but less rapidly. The psychology of the commission agency, therefore, is still that of Oliver Twist, it asks for more. There has been a remarkable increase in consignment by motor truck in the last six years and the cooperatives have found it advisable at some markets to open special departments for this business. Sometimes signs are put up along country roads, "Follow the arrow to the Farmers' Commission." Once on the cooperative premises, the shipper sees appropriate signs: "Welcome, Mr. Shipper, this is your organization—ask any questions you wish. Make yourself at home." In 1926 the National Livestock Producers' Association delivered gratis to local associations a prize poster bearing the jingle "In the hands of a friend, from beginning to end." It had the merit of being true.

5. DIRECT BUYING OF HOGS AND POOLING

Nowadays, though the prices of grain, dairy products and fruits are made at market centers, the commodities themselves, with the exception perhaps of that part which is destined for local consumption, omit this center, moving directly from the producer to the trade consumer. Livestock is the only bulky, perishable product that is now assembled at price determining centers; and this is still necessary for cattle, which are bought on individual appraisal. But with the establishment of definite uniform grades of hogs, towards which much progress has been made since the war, it becomes possible to sell the hogs at a central market, while the hogs themselves move by the more direct route from farm to slaughterer. No special advantage would accrue from this possibility if the great majority of hogs in fact were slaughtered in packing

houses adjoining the stockyards, for in this case the route to the central market would also be the direct route to the slaughterer. But in recent years many small independent packers have established themselves, especially in the State of Ohio; and for great and small packers the tendency to decentralization of operations has been encouraged by the decline of the export trade. In 1925 over 34 per cent of the hogs sold in the twelve major hog markets were reloaded and shipped out again to packing plants outside the terminal market town. If these hogs had been shipped direct, great savings would have been realized in freight, yardage and feed costs, as well as by the avoidance of bruising. Since 1922 the percentage of hogs marketed direct to packers in the leading hog states of the corn belt has steadily increased; and this creates a very serious problem for the cooperative livestock commission agencies, for hogs constitute some 60 per cent of the head of livestock which they handle. It is also a threat to the principle of centralized cooperative selling. For if the price, weight and grade of hogs are determined by the packer after the animals are in his possession, cooperation is virtually reduced to the provision of small local hog pools for the convenience of the packer. To meet this situation a federation of coöperative livestock commission associations, known as the Eastern Sales Company, was organized in 1923 by the Ohio Livestock Commission Association, and its growth in three years was very rapid. In 1924 it handled 36,000 hogs, in 1926, 100,000. It combines centralized selling with direct shipment. Price, grade and weight are agreed upon between the seller and the buyer before the hogs leave the concentration yards organize by the cooperative company; and the sale is made to the packer on identically the same terms as those which prevail at the central market. The position is not yet in final equilibrium; for the percentage of hogs marketed direct is still a minority of all hog marketings. But if the majority should come to be marketed in this way, a strain would be imposed on the price-making ability of the terminal market. But an organization such as the Eastern Sales Company, which is itself a federation of terminal marketing agencies, seems ideally suited to take care of the producers' interests in this technical transition.

It is to be noted that in essence direct packer buying is in line with the direct sale of sheep and cattle from livestock producers to livestock finishers by means of pools. These have been promoted by the National Livestock Producers' Association in the last four years. As it is a sale between one producer and another, there is no threat to cooperation; indeed, it enlarges the scope for it. Its purpose is to move livestock direct from the range to the feed lot. A considerable number of ranchmen desire to sell their stock at home and a considerable number of feeders desire to buy their stock direct from the range. To assist this the national association has organized lamb pools and cattle pools, the first of which were operated in 1925. The lamb pool works thus. Stock men place their orders with the national association, which contracts with the sheep growers for delivery of the lambs required. "As the time of delivery approaches, the representatives of the lamb pool go to the ranges, receive the lambs according to contract, and ship them by the shortest possible route to the feeder" (Randell, op cit., p. 86); and the cattle pool operates similarly.

The pooling idea is a very simple one and the economy is undeniable, but as it involves contracts and the booking of orders in advance it calls for strong cooperative solidarity as well as exceptional judgment on the part of the pool authori-To work out the problems connected with this new task the national association established in 1927 a subsidiary, the National Producers' Feeder Pool. Mr. Randell draws attention to the fact that less than 3 per cent of the commissions received by a large group of agencies come from their buying department; and analysis of individual agencies reveals a very high turn-over in patrons. The records of one agency, 1923-1926, show that in 1926 new patrons, i.e., patrons who have never bought before, formed the majority of all patrons in that year. Part of this was due to the fact that old patrons had left the business or the territory, but part also was due to defections. Both of these sources of instability should be lessened by the new nationally organized feeder pool.

6. FINANCING THE CATTLE MAN

One of the best tests of progressive cooperation is its ability to develop complementary coöperative activities. Between their inception and 1927 the cooperative commission agencies paid back to shippers in patronage dividends \$3,500,000. As the associations grow in strength, they find it desirable to make provision for general educational purposes, and a few of the stronger ones have gone further and established cattle loan departments for the making of loans, directly or through an ad hoc corporation, to carry on feeding operations. Such departments have been established by associations set up by the Farmers' Unions as well as those set up by the National Livestock Producers' Association. Usually they provide the working capital out of their own reserve and obtain further funds from their federal intermediate credit bank. In 1926 the Farmers' Union Livestock Commission of South St. Joseph, Mo., made through its credit association loans of \$250,000. In 1925 the Farmers' Union Livestock Commission Company of Chicago, Ill., after an almost unanimous referendum vote, abolished patronage refunds in favor of a reserve for cattle loans. In 1924 two agencies of the national association combined to form a Producers' Livestock Credit Corporation, which functions through the intermediate credit bank of St. Louis, Mo. Its chief purpose is to finance farmers who have bought stocker and feeder cattle on the terminal market. The borrower pays 6 per cent interest on a note secured by a chattel mortgage, and the stocker and feeder buyers of the cooperative commission agencies are accepted by the federal intermediate credit bank as official inspectors of the stock upon which loans are made. The borrower also agrees to sell the cattle through an agency affiliated with the National Livestock Producers' Association. No loans are made on breeding stock or hogs. Between April, 1924, and April, 1927, this credit corporation made loans in ten states aggregating half a million dollars.

In thus helping the farmer the agency helps itself. "Probably nothing would so advance the coöperative marketing of livestock as the use of a substantial part of the excess savings of coöperative livestock commission associations for the

making of reasonable loans to farmers on livestock. Unless a cooperative is able to finance stockmen through a credit corporation, many stockmen will not be free to cooperate." (Randell, op cit., p. 29.)

To this we may add: (1) There is no safe future for the intermediate credit system (or indeed for the borrowing farmer himself) unless it is dovetailed with voluntary coöperative marketing. (2) Such credit activity is in accord with the policy of the National Livestock Producers' Association, which is "to ask for no special privileges through legislation or otherwise." The stabilization corporation is a special privilege; but the federal intermediate credit system is a part of the great national program of credit mobilization which began with the institution of the federal reserve bank system. It is an advantage secured through the Federal Government, and not a sectional privilege at the expense of the consumer or taxpayer.

EARLY MEAT PACKING PLANTS IN TEXAS

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The history of the Texas cattle industry prior to the Civil War and for a number of years thereafter is predominantly an account of attempts to find a market for a super-abundant commodity. There were few, if any, problems connected with production. The mild climate, the abundant rainfall, and the unending acres of grass-land attended to that phase of the matter. But there was unceasing difficulty in finding a market for the products of the great ranges. This market was to be found, of a necessity, outside of Texas; for the State did not have then, and has never had, a sufficiently large population to take care of anything approaching its total output of cattle and other meat-yielding animals.

Two general methods were open to those who were interested in securing a market. They could, by one means or another, send the live cattle to market or they could slaughter them and send the meat. The first of these methods was by far the more widely used both before and directly after the Civil War; but the second was used to a considerable extent, and the efforts in this direction are to constitute the subject-matter of this paper.

Arthur Cushman divides the history of meat packing into three periods: (1) the slaughter-house period, (2) the period of natural ice refrigeration, and (3) the period of mechanical refrigeration. With one exception, all the ventures considered in this paper fall within the first of these periods as Cushman defines it.

In fact prior to the Civil War, so far as records go, there was only one establishment in Texas which could in any sense be termed a packing plant; and from the nature of the technique employed in this case, it is highly doubtful whether the term "packing plant" could be properly applied or not.

¹Cushman, A., "The Packing Plant and Its Equipment" in *The Packing Industry*, The Institute of American Meat Packers.

The nature of this plant will be considered in some detail later. There were, however, certain processes carried on in an unorganized way in Texas before 1860 that are sufficiently similar in method to those engaged in by the early packeries as to deserve mention here.

One of the earliest methods of preparing meats for the market was that of pickling them, a process which consisted of packing the meat of freshly slaughtered animals in salt water and sealing it in barrels, usually weighing 200 pounds. Such meat was a staple commodity in pre-Civil War days just as flour and sugar are now. It seems to have been used throughout the South and also the North, for it is found quoted on the markets of both sections at the time.²

These so-called pickled meats were usually designated "mess beef" and "mess pork" in the market quotations. The earliest mention found of such preserved meats quoted bears date of May, 1844, when two grades, "mess" and "prime," of beef are quoted at Galveston, Texas, at \$10 and \$9 per barrel, respectively. At the same time two grades of pork were quoted at \$16 and \$12 to \$13, respectively.\(^3\) By 1851 the price of mess and prime beef had advanced to \$14 and \$11 per barrel; while the same grades of pork were selling at \$15 to \$16 and \$10 per barrel, respectively.

Another early method of preserving beef and keeping it when fresh meat could not be had was by drying it. There are numerous records of the utilization of this method in the early days in Texas. The process was probably employed before that of pickling in brine, because it could be pursued where there were no facilities, such as salt and barrels, for pickling. It was still practiced at a comparatively late date on isolated ranches far away from other settlements, it being peculiarly well adapted to the cool weather and dry climate of the western portion of the State.⁴

As indicated above, drying was probably employed before pickling to preserve beef in Texas; but the first mention found of dried beef on the market bears the date of 1844, and is under the same caption as the quotations already given of

²McArthur, D. E., The Cattle Industry of Texas, p. 253.

³Galveston Weekly News, May 11, 1844.

McArthur, D. E., The Cattle Industry of Texas, p. 255.

mess and prime beef. The retail price of it then was 10 cents per pound. The demand for it seems to have been slight; for while the prices of mess and prime pickled beef, as has already been indicated, rose generally, the price of dried beef for the few years it has been found quoted on the market remained constant at 10 cents per pound.⁵ Yet this commodity was sometimes found in considerable quantities as is evidenced by an announcement of a Houston merchant in 1851. According to this item, he had on hand 10,000 pounds of dried beef which he averred was satisfactory for plantation and family use and was only one-third the price of bacon.⁶

The establishment referred to above as constituting an approach toward a packing plant was one of the most interesting enterprises of its time. It was a plant designed for the manufacture of what was termed the "meat biscuit," which was established at Galveston in 1851. The inventor of the process of making the "biscuit" and the owner of the plant was Gail Borden, Jr., who later achieved a degree of fame as the inventor of a successful method of condensing milk. In a small pamphlet which was evidently published for advertising purposes in 1851, the discoverer describes the nature of the product and the method employed in its preparation:

The nature of this discovery or invention consists in an improved process of preserving the nutritious properties of meat, or animal flesh of any kind, by obtaining the concentrated extract or essence of it, and combining it with flour or vegetable meal, and by drying or baking the mixture in an oven, in the form of a biscuit or cracker.

One pound of this new and useful preparation of concentrated meat and bread contains the nutriment or essence of five pounds of good meat, or, in other words, all the nutriment (except the oily portions) contained in 500 pounds of good fresh meat, with seventy pounds of flour, can, by this invention, be packed in a twenty-gallon cask. It can be prepared in the shortest time as a soup, pudding, sauce, etc.

I have been asked why the manufacture of the Meat Biscuit should be located at Galveston? The answer is obviously this: because the prairies of Texas abound in meat cattle of the finest quality.

⁵Ibid., p. 256.

⁶Idem.

The Meat Biscuit forms one of the most useful diets ever offered to the public; and is adapted to the Whaling and Maritime services generally. For Families and Hospitals, and in all circumstances, where fresh meat is wanted, this biscuit will be found invaluable; and on all voyages, whether long or short, or journeys on land, most useful and economical.

Later in the pamphlet, he sets forth the plan which he has adopted for the distribution of the product and the protection of it from spurious imitations:

I have obtained a patent with a view to control and insure the manufacture of a genuine article. One pound of the Meat Biscuit contains all the nutriment that can be got out of five pounds of the best fresh beef. An article to imitate it may be made, to contain not one-fourth the quantity. It must be apparent to everyone, that the character of the article is such, that unless its manufacture be guarded by exclusive right, it would become adulterated, and be of no advantage to individuals, or use to the world. And I would here remark, that, in order to protect the integrity of the Meat Biscuit, I intend to have only one agent in a place, and (for some time to come, a few in the aggregate) only in a few of the most important places in the United States.

The pamphlet contains further a number of testimonial letters written by doctors, army officers, and seamen, all of whom had made either scientific or practical tests of the merits of the meat biscuit; and without exception, they praise it in very high terms for its unusual flavor, its long-keeping qualities, and its high nutriment content.

The meat biscuit was exhibited at the Great Exhibition in London in 1851, where it attracted a great deal of attention and praise and was awarded the Great Council medal.

The outlook for the success of the enterprise was so bright that Borden invested practically his whole means in the plant for the manufacture of the biscuit, and promised the cattlemen of Texas a year-round market for their cattle, offering to take as many as one-third of the total number of cattle in Texas every year. A description of the plant while it was in operation is found in an 1851 issue of the Galveston Journal.

The Meat Biscuit Factory.—We stepped into this establishment the other day, for the purpose of noting the modus operandi whereby beef cattle are converted into biscuit. The arrangements

and machinery are on a much more extensive scale than we had previously imagined, and the whole establishment exhibited a neatness and cleanliness which we did not expect to see. The process is carried on in a capacious brick building at the west end of the Strand, and all contrivances for facilitating the work are admirably arranged.

It is right to state that none but the best quality of beef is used, and that the whole process is performed with particular regard to cleanliness, as is apparent from the perfect order in the establishment, and the condition of the vessels and machinery used in it.

The plant appears to have continued in operation for only about two years, however; and we have only the meagerest statement concerning the causes of its failure to the effect that "just as success seemed almost assured, he (Borden) was thrown into serious embarrassments through the artful plottings of parties interested in the very profitable furnishing of the ordinary bulky supplies for the army, and who deemed their craft imperiled by the threatened substitution of a new food, at once cheap, portable, and nutritious beyond comparison. From the unequal contest thus commenced, Mr. Borden emerged penniless, and with his native endowments only in possession, began anew the battle of life."

Following this failure, Borden went North, to Connecticut, where he became interested in the development of a process of condensing milk. He was ultimately successful in this and became wealthy during the Civil War period. In the meantime, he had perfected a process of extracting meat juices and reducing them to their smallest bulk, resulting in the manufacture of a product which he called Borden's Extract of Beef. The business suffered from the high price of beef cattle in New England, and in 1870 he began the establishment of a plant in Texas, adjacent to the great supplies of cattle, for the manufacture of this product.

The Civil War had an almost calamitous effect on the cattle industry of Texas. During the four years of the struggle, practically all of the able-bodied men were away in the army. The care of the herds was left to the old men and the boys and, in some cases, the negroes. Since Texas was never

Goodale, S. L., A Brief Sketch of Gail Borden, p. 6.

⁸Ibid., pp. 23-24.

seriously invaded, the herds were unmolested and continued to increase at their usual rapid rate. According to the U.S. census of 1860 there were well over 3,000,000 cattle in Texas. and this number increased enormously during the war. The relatively few men and boys who had them in charge were unable to carry on the extensive branding operations necessary in many cases; and the result was that the prairies of Texas came to be inhabited by vast herds of unbranded, and to a considerable extent, unclaimed cattle. Some effort was made to dispose of this great surplus during the war, but the attempt was almost totally unsuccessful. A few herds were driven to Mexico.9 but there was essentially no market there. for Mexico had a surplus of her own. Several more herds were driven to Louisiana and Mississippi to feed the Confederate troops, and at least one such herd was driven as far as Alabama.

The net result was that the end of the war and the return of the soldiers found the ranges over-stocked, to an appalling degree in some cases, and cattle almost worthless from the lack of a market. It is averred that the cost of raising a full grown steer in South Texas at this time was 50 cents, that being the estimated cost of branding him when a calf. Under these conditions, the securing of a market meant salvation for the cattlemen.

It is fairly generally known that the chief outlet to market for Texas cattle during the two decades following the close of the Civil War was over the trails leading to Kansas and the Northwest. The number of cattle which were driven over these trails has been variously estimated at figures ranging from 5,000,000 to 10,000,000 head,¹¹ this constituting perhaps the greatest pastoral movement of all time. A very considerable effort was made, however, to create an adequate market within the State before this great movement to the North got under way. This effort took the form of establishing and operating a number of small packing houses at various

⁹Trail Drivers of Texas, ed. by J. M. Hunter, p. 428.

¹⁰ Siringo, C. A., A Texas Cowboy, p. 224.

¹¹McArthur, D. E., The Cattle Industry of Texas, p. 164; Trail Drivers of Texas, ed. by J. M. Hunter, p. 962.

points in the southern and southeastern portions of the State, chiefly along the Gulf coast.

The first of these appears to have been the plant erected by W. S. Hall at Rockport, a small port on the Gulf of Mexico in Aransas County, probably in 1865. Mr. Hall was a native of Maine and had come to Texas in 1858. Immediately after his arrival he had engaged in the cattle business, buying out a number of brands; and within a few years, he owned in the neighborhood of 40,000 head of cattle, which grazed over an enormous stretch of territory.

With the close of the war and the prevalence of high prices of meat in most parts of the country, he saw in the establishment of a packing plant what appeared to be an opportunity to turn his enormous cattle holdings into cash. Erecting his plant on the Gulf coast, he planned to ship the preserved meats to New Orleans and Atlantic coast ports by water. This was practicable in that Morgan Line steamers plied regularly between Rockport and Galveston and New Orleans.

The technique employed in this plant was extremely simple. differing in no essential respect from that employed in the process of pickling meats which has already been described. Artificial ice did not come into general use in meat packing until about 1890, and natural ice was never available in South Texas. However, by salting the more easily cured parts of the meat thoroughly and packing it in barrels, the plant at Rockport was able to preserve it sufficiently well to make possible its shipment to New Orleans, New York, and even European ports. Anything in the nature of the transportation of fresh meats was, of course, out of the question. This was not to come until the development of the refrigerator car two decades later. A plant of the sort of the one at Rockport was a packing plant in the true sense of the term. Comparatively few of the processes engaged in by the modern plant can properly be called packing. The term is a survival from the early days of the industry.

In addition to the meat, a highly important product of the packery was tallow. The supply of cattle in Texas at the time was so great in proportion to the demand that ordinarily only the fat beeves were killed, with the result that each animal yielded a large quantity of tallow, the tallow from a

beef corresponding to the lard from a hog. An important feature of all the early packing plants in Texas was the great vats for rendering the tallow. In the Rockport plant it was packed in huge hogsheads having a net weight of 1,100 pounds each. It was shipped to countries all over the world—chiefly for use in candle-making—most of it going to New York, however. It brought, during the greater part of the time the plant was in operation, a price of $8\frac{1}{2}$ cents a pound. A fat five-year-old steer would yield as much as 100 pounds of tallow, with the result that the tallow alone frequently brought a higher price than the live steer would.

Practically all of the work in the plant was done by hand. There was, however, some machinery in the form of skinning-racks, hoists, vats, etc. There appears to have been some division of labor, but it was never carried far.

This plant at Rockport continued in operation for eight years, during which time a total of about 40,000 head of cattle were slaughtered, an average of 5,000 a year. In the peak year, however, over 11,000 animals were killed and more than 1,000 barrels of meat marketed in New Orleans.

The cattle for this plant were bought from the ranchmen of the neighboring counties, Rockport being near the center of the "cow-country" as it existed at that time. Mr. Hall had no difficulty in securing animals in any quantity desired, paying \$7.00 to \$12.50 per head for finished beeves, \$5 to \$9 for cows, and \$3 to \$4 for yearlings. Cattle on the hoof were practically never sold by the pound in Texas in those days, but by "class." That is, a uniform price per head was placed on yearlings, on two-year-olds, etc. All "she-stuff" was usually lumped together.

This plant, as did most of the others of the time, ceased operations and went out of existence after the opening of the trails to Kansas had given the Texas ranchmen a more satisfactory method of marketing their cattle. At the same time that the plant at Rockport was paying the prices quoted above, Texas cattle were bringing from \$25 to \$35 per head on the Kansas market.

¹²Trail Drivers of Texas, ed. by J. M. Hunter, pp. 212-214.

What was perhaps the second packing plant established in Texas was located on a little bayou just east of the town of Jefferson. It had a capacity of about 100 animals a day, and the technique employed seems to have been essentially the same as that of the plant at Rockport. The products of the plant were sold in the nearby towns in Louisiana and among the plantations, and evidently brought relatively high prices. Cattle were much less plentiful in this part of the State than they were further to the southwest. The owners of this plant paid a price of \$27 per head in gold for a herd of steers driven east from Palo Pinto County in Central Texas by C. C. Slaughter in the summer of 1867.13 This price was far in excess of any paid in South Texas at the same time.

This market, however, was not generally accessible to the ranchmen of South and West Texas; since much of the intervening territory was settled and under fence or covered by forests, and there were no connecting railroads. Successful trail driving required open, unfenced territory.

At about the same time that these two plants began operations, another slaughter house and packing plant was being operated near Powder Horn, another port on the Gulf coast. This plant was owned and operated by W. B. Grimes, who, like Hall, was a wealthy ranchman who had come to Texas from the East prior to the Civil War.

Apparently discouraged by the difficulties of preserving meat by the primitive methods at the time, and also possibly by the difficulty of marketing it after it was preserved. Grimes made no effort to utilize the meat of the animals slaughtered in his plant. Dependence for profits was placed on the sale of the tallow and hides, the meat being thrown to hogs. 14 The fact that this could be done is eloquent testimony to the low prices of cattle and meat which prevailed in Texas at the time.

Charles Siringo, of cowboy-detective fame, was employed in this plant at one time; and in his book, A Texas Cowboy, he makes some not very heavily veiled accusations to the effect that not all of the cattle slaughtered there belonged to the

¹³ Ibid., p. 865.

¹⁴Siringo, C. A., A Texas Cowboy, p. 61.

owner of the plant. It must be borne in mind, however, that unbranded cattle were extremely plentiful in Texas during and just after the Civil War; and practically every ranchman wielded his branding-iron among them with complete freedom.

Siringo says further that on the average about two hundred head of cattle were slaughtered daily. The plant did not operate the year round, however.

As in the case of the plant at Rockport, the products were shipped by water to Galveston, New Orleans, and various Atlantic coast ports.

In addition to the cattle that were slaughtered at Powder Horn, considerable numbers were shipped alive from that point in boats to Galveston and New Orleans, and some to Cuba. Some of the important buyers for this purpose were Foster & Allen, "Shanghai" Pierce, and Joel Collins. Sam Allen is said to have secured a monopoly on this trade at one time by chartering every boat which plied between Powder Horn and New Orleans. Under these conditions he was able to send buyers all over the surrounding territory and buy the fattest cattle at very low prices.¹⁵

In 1868 a group of Eastern capitalists established a packing plant on the Guadalupe River near Victoria which was considerably larger than any of the plants mentioned above. The promoters planned to locate their plant near the cattle range but at the same time at a point where means of water transportation would be available. They proposed to ship meat to the Eastern markets, and began operations on a relatively large scale. Apparently they were unfamiliar with the obstacles to be encountered in such an undertaking, for the enterprise was unsuccessful financially from the very first. The stockholders were dissatisfied, and the plant ceased operations and was abandoned in the early seventies. 16

There was in operation near Indianola at this time another plant engaged in doing essentially the same sort of thing as was Grimes' plant at Powder Horn. This establishment was owned by H. Selickson, who also was a "Yankee." He worked

¹⁵ Trail Drivers of Texas, ed. by J. M. Hunter, p. 122.

¹⁶Dawson, A. G., "Texas' Great Cattle Industry," in the Texas Almanac, 1904, p. 119.

Mexicans in the plant in the main, paying them \$15 a month, and shipped tallow and hides to the New Orleans market.¹⁷

Two other small plants which from all accounts were engaged in much the same sort of work as this were located at Columbus, on the Colorado River, and Calvert, on the Houston & Texas Central Railroad in Robertson County. Mention has also been made of a plant of this sort at Fulton in Aransas County; but no details concerning it are available; and there is some reason to believe that the plant referred to was that at Rockport in Aransas County, which has already been described. A census report of 1880 indicates that there was also a small packery in Fayette County, by no further mention of it has been found.

There was also a plant at Galveston, the only authority for which seems to be a news item in the *Galveston Tri-weekly Civilian* of October 30, 1872, to the effect that the sheep herder employed at the packery of Allen, Poole & Co., located some two miles west of the railway depot, was missing.¹⁹

A plant established in Houston either in 1869 or early in 1870 had the significant name of Loyman's Roast Beef Packery. In its advertisements it laid claim to a unique process by which it could supply New England with roast beef of as good quality and at a much lower price "than had been dreamed of in their (?) philosophy." An interesting item in connection with this plant is the statement that refrigeration was employed in the care of the meats, but the nature of the refrigerating process is not described.

In 1872 a considerably more ambitious project in the meat packing industry was launched at Indianola. A plant was established there for the employment of what was termed the "Stabler process" of curing beef. In this process, the beef was cut into steaks just as a retail butcher would cut it for his customers, and the bone extracted. Salt was placed on the meat and allowed to stand for three hours in order to draw the moisture out of it. The meat was then put into cans ranging in capacity from 15 to 50 pounds each, and these cans

¹⁷ Siringo, C. A., A Texas Cowboy, p. 49.

¹⁸McArthur, D. E., The Cattle Industry of Texas, p. 259.

¹⁹Ibid., p. 260.

²⁰ Ibid., p. 262; Galveston Weekly Civilian, March 17, 1870, p. 7.

were placed in an iron box which was made air-tight. The air was later exhausted from the box by means of a column of water, and carbolic acid gas was introduced in its stead. This latter operation required six minutes for each 160 pounds of meat. The meat was then ready for shipment and would keep indefinitely.

It was argued for this process that with two hours' soaking in water the steaks would be just as delicious as if they had been cut from freshly killed beeves. It was predicted by the promoter of the enterprise that these canned meats from Texas would entirely replace the salted meats from Ohio, Indiana, and Illinois on the Eastern markets.

The patentee of the process, Francis Stabler, came to Texas from Baltimore and established the plant at Indianola. Its operation was successful from a technical point of view, and he succeeded in selling a large quantity of the canned meat to the Navy Department for consumption on its war-ships. Considerable quantities were sold in cities of the East also.²¹

The causes of the failure of the enterprise were probably the same as have been indicated in the case of the other plants. At any rate, the concern ceased operations after a short time, and apparently the process was never employed elsewhere.

Captain Richard King, one of the outstanding figures in the livestock industry of South Texas during this period, was another cattleman who attempted to solve the problem of finding a market for his herds before the opening of the trails to Kansas. He erected rendering plants on his ranch in Nueces County and shipped tallow and hides in large quantities to market by water.²²

A few market quotations have been found which serve to illustrate in a general way the importance on the Eastern markets of Texas meats during this period. According to the first of these, on April 3, 1871, there were found on the New York market 5,674 tierces of Texas "prime mess" beef; and at the same time 3,370 tierces of the same grade of Texas beef were due to arrive. The latest notice of this sort found is for

²¹Dawson, A. G., "Texas' Great Cattle Industry," in the Texas Almanac, 1904, pp. 119-120.

²² Trail Drivers of Texas, ed. by J. M. Hunter, p. 530.

the year 1876, when 18,500 cases of preserved beef were shipped from Texas, most of it going to foreign markets.²³

According to the United States census of 1880, three of these early plants had survived to that date, one in each of the counties of Aransas, Fayette, and Robertson. For the fiscal year ending June 30, 1880, they slaughtered 16,888 beeves, 300 sheep, and 375 hogs. There were 1,036,600 pounds of beef sold fresh, 5,990,000 pounds canned, and 72,000 pounds salted or cured. The aggregate value of the products was \$486,400.24

Although nothing definite is known concerning the later history of these three plants, it is probable that they did not long survive the year 1880; since by 1882, there had occurred such an increase in cattle prices in Texas that the operation of these small plants probably became unprofitable.

A venture in the packing industry which came considerably later and which was of a radically different nature was that made by R. E. Stafford in 1883. Mr. Stafford was a wealthy cattleman of Columbus, Texas, who conceived the still popular idea of bringing the packing house to the cattle rather than taking the cattle to the packing house. He organized a stock company under the name of the Columbus Meat and Ice Company with a capital stock of \$250,000. A plant was constructed with a capacity of 250 head of cattle and 40 tons of ice per day.

The company began operations and filled a relatively large order for an English syndicate and for some time shipped dressed meats to Chicago, New Orleans, and Galveston, and other points. The business was not successful from a financial standpoint, however, and the owners soon abandoned the operation of the plant.²⁵

The failure of this enterprise is more significant than is that of any of the others. Here was an effort to establish a packing plant in Texas employing relatively modern methods and apparently with adequate financial backing. Of course, its failure may have resulted from poor management and bad business policies, as was the case with numerous small packing

²³Galveston Daily Civilian, April (no date), 1871; Hansford, Texas State Register, 1876, p. 83.

²⁴U. S. Census, 1880, III, p. 977.

²⁵ Trail Drivers of Texas, ed. by J. M. Hunter, p. 710.

plants which arose at various points in the Middle West during the period of the Farmers' Alliance; but the indications are that there was a more fundamental cause. An effort will be made to indicate the nature of it later in the paper.

It was not until the establishment of the present plants at Fort Worth by Swift & Co. and Armour in 1903 that Texas had within her borders packing plants which even approached the point of constituting an adequate market for the livestock grown in the State. And when these plants were established, they came not as a native growth but in the form of an expansion of two great packing concerns which had had their beginnings in Chicago at the same time that the early plants in Texas were languishing and dying.

As to why none of these early plants survived and developed into the modern plants of today, the more fundamental causes may be summarized somewhat as follows: (1) the mildness of the southern climate which precluded the use of natural ice as a refrigerant; and (2) the long distance from the plants to the great consuming centers in conjunction with the relatively late development of railroads in this section.

The packing plants of the North and East rose above the primitive stage through the use of natural ice as a refrigerant. It was possible to cut great quantities of ice from the lakes and streams in the winter and to store it for use throughout the summer. The pictures of packing houses during this period show the ice-house as being the biggest part of the plant. The use of this ice enabled these plants to develop a technique far in advance of that of the salt-packing stage. All this, of course, was impossible in the case of the plants in Texas. There was never sufficient ice in Texas even in the severest weather to make the cutting and storing of it feasible. And after the manufacture of ice had been made practicable. the packing plants of the North had made such progress in technique and were so firmly entrenched in the field that there was scant opportunity for the small Texas plants to compete successfully with them.

All the plants in Texas were located at a great distance from the large meat consuming centers of the country. In the absence of extensive railroad facilities, the transportation of fresh and cured meats to distant markets was extremely difficult if not impossible. Water transportation is of necessity slow and somewhat uncertain, and consequently very poorly adapted to the shipment of meat products. Texas had nothing approaching adequate railroad facilities until in the late eighties or early nineties, and by that time the plants in Chicago and other cities of the North were well on the road to their position of dominance.

It is possible to indicate a more subtle cause than any of these, although definite proof of the extent to which it was effective in the situation would be very difficult, if not impossible, to establish. This was the fact that the people of Texas at that time were not industrially-minded. That is, their environment had been such that they lacked the technical training and the temperamental qualities necessary to conduct industrial enterprises successfully. Much of Texas had scarcely ceased to be a wilderness by 1880, and in extremely few cases were the people more than one generation removed from frontier conditions. The pioneers of Texas were wonderful in their way, perhaps; but they were not industrialists, just as is true of any other group under similar conditions. The people of Texas are only now becoming industrially-minded to any appreciable extent. The process is a slow one and involves deep and fundamental changes in social attitudes and relationships.

RACIAL ATTITUDES AND SENTIMENTS

BY ELLSWORTH FARIS

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If the reader will permit a paradox,—race prejudice is a phenomenon that is not essentially connected with race. This paradox has its justification when the results of any attempt to secure a classification of mankind into races has been seriously made. The only sense in which race prejudice deals with race is in the naïve and untechnical fashion in which the United States Government lists races for the purposes of the immigration law, where one may read in the list of races of the Irish race, the Welsh race, the Bohemian race, the African race, the Spanish-American race, the Canadian race, the Italian race, to a total of some thirty-nine.

Another way to say the same thing would be to assert that as races are dealt with and as races are disliked, there is little or no connection with the scientific concept of race. Not that this is without justification, for, in this crude world in which we live, it is of importance to determine not what races are, but what men call races when they manifest racial antipathy. And it is an extremely easy task to show in this connection that race prejudice is contingent upon a certain type of group consciousness which may have no defense in a scientific classification, but which does determine in large measure what men live by and what they do when they live.

Now concerning group consciousness we do know something and one thing we know is that group consciousness has a beginning in each particular case. It has been repeatedly shown by competent and careful men that group consciousness, like self consciousness, arises in a condition of inhibition or contrast which may be acute enough to be called conflict, but is always capable of being studied genetically.

If the foregoing statements are convincing we have as a starting point of our discussion a complete repudiation of the mythological school of sociologists who derive race prejudice from organic attitudes. The chief reliance of such writers seems to be the olfactory apparatus, with some attention to the

gustatory function. There is also the unproved inaccurate assertion that the strange or unfamiliar is a native stimulus to fear. Such writers in moments of absent-mindedness present the reader with equally untenable statements about curiosity which would contradict what they have written about fear, but let us not digress. So far as the present writer's facts show, there is no race prejudice prior to group consciousness, and new and unfamiliar people are more apt to be interesting and intriguing than to excite either fear or disgust. In short, without going into detail here, the assumption is made that the consciousness of one's own group and the consciousness of another group, which require specific and definable conditions for their creation, are held to be necessary for the existence of race prejudice. The group to which I belong is the in-group, but I can only belong to an in-group if there is also present the conception of one or more out-groups. The reaction in race prejudice is never to an individual, but always to some person or persons as representing, belonging to, included in, an out-group over against which my own in-group is contrasted.

But group consciousness does not always mean group preju-An athletic contest between two rival colleges may be conducted in an atmosphere of more or less chivalrous strife, with the rules of the game carefully defined and scrupulously kept, the defeated team accepting gamely the result, and while group consciousness in such cases is sometimes intense, the mark of antipathy and the peculiar feeling tone which we associate with prejudice may be entirely absent. But group prejudice does arise, and often, and seems to possess all the criteria of race prejudice even when race is not the object. There is class prejudice seen in the attitude of the proletariat toward the capitalist bourgeoisie. There is sectional prejudice which has been bitter enough to cause bloody wars. There is political prejudice, not to be lightly spoken of, and involving on occasion intense antipathy. The writer as a child listened one day to a Southern Democrat discussing a certain Republican. With great feeling he insisted that he would not dream of allowing a Republican to enter his house and didn't see how any self-respecting Southerner could feel any differently. It would be impossible in this case to appeal to race, but the group prejudice involved all the characteristics of very intense race prejudice.

Race prejudice, when it exists, has apparently no distinguishing qualities, but it does perhaps admit of somewhat different defenses of rationalizations. The writer has attempted to show in another place in discussing "The Nature of Human Nature" that men are held to be human when they act in a comprehensible manner. If the group against which we feel strongly is strange in its customs or habitually given to disapproved actions, it is difficult to regard them as wholly like us. If, therefore, the term race can be brought in, it gives a sort of pseudo-biological defense to the emotional attitude. In one instance of the group antipathy toward a recently arrived group of Bohemian farmers in Texas it was asserted that the people were really not human beings, they worked their women in the fields, they went without shoes, and it was commonly believed that they lived in their houses like animals and devoid of the normal human comforts. If you feel that way about a people you are much more comfortable if you can call upon biology to classify them as belonging to a different race from your own. This call has often gone forth but has never been answered. Biological science has no word to say. Biologists classify men as one species. Anthropology alone has given marks of race and they class Berbers and certain children of Mother India as of the Caucasian race—to which the popular response is a law keeping them out as of another and lower race.

If the theory of organic attitudes as a basis of race prejudice were true, then we could not account for the fact that the first Chinese were welcomed and approved. The earliest Japanese were interesting and charming. The Mexicans in the artists' colony are the subject of exceptionally favorable attention.

A phenomenon in point on the campus at Chicago is the popularity of the Hindu students with the romantic-minded girls. They are new, unfamiliar, and strange, therefore they are rather attractive than otherwise. Prejudice against them is improbable because they are too few in number for group consciousness to arise. Nor are we left to guess what happens when they are more numerous. We know something of the history of the subject in California, in Texas, in South Africa.

We may conclude then in the first place that race prejudice is a social phenomenon with nothing in the organic or innate constitution of man that offers any explanation. It is rather due to a complex situation in which two or more contrasting or conflicting groups come into contact in such a way that one is set over against the other with certain emotional aspects to the conflict such as hostility, antipathy, and the like, to the consideration of which we may now turn.

One of the most difficult theoretical aspects of this problem of race prejudice lies in the difficulty of accurately defining its limits. Robert E. Park has taught us to distinguish between prejudice and the condition where accommodation This insight seems profoundly valuable and gives warrant for saying that a caste system may exist without the phenomenon of group prejudice. The essential difference here seems to be the stability of the organization and the absence of tension. Each group is ranked, allocated, and relatively stable, and content with its position. Analogous conditions can exist in class distinctions where no race questions are in-The lower class in England thirty years ago looked upon the aristocracy without envy or antipathy. They had always been rich and powerful, and the poor had always been restricted in their lives. It seemed part of the order of nature. The prayer books seemed to assert that it was indeed the will of God. There were many distinctions, but they were accepted. Class prejudice was absent. Even in England it is not so now, and in Russia the conditions are strikingly different. If the situations where race prejudice is clearly recognized be brought together for comparison there appears to be a common element in them all. There is everywhere some degree of tension, some struggle real or impending, some uncertainty of the outcome, some competition or conflict, either for economic opportunity or for social status or for some other desired goods, and along with this tension there can be made out differing degrees of hostility, antipathy, the extreme limit of which is extreme hatred.

The problem then is to define accurately the situations which produce this emotional stress and to point out clearly the different types of emotional stress which are produced. For it is clear that race prejudice exists in an infinite number of

graded intensities shading all the way from slight tendencies to withdrawal to the violent extremes illustrated by the activities of the Scotch shepherds in Auracania who organized shooting parties and by paying bounties for tongues of dead Indians soon exterminated all the natives.

Race prejudice therefore is a particular class of social attitude, a particular sub-class of a group attitude, involving a feeling of negative affective tone varying through a wide series. Prejudice seems therefore to be always emotional. It is a sentiment. The object of the sentiment is never a perceptual experience, but always a concept, a subjective image, of a class of persons toward whom the attitude is directed.

Being emotional, race prejudice is not rational. It is perhaps this fact which has misled the authorities above referred to into the error of assuming that it was organic or Sentiments arise in the emotional conflicts but emotional conflicts are always the result of an attempt to reorganize life and to overcome new difficulties. Any collectivity has in it the potentialities of new and unheard of bifurcations and divisions. Everyone understands what is meant by violent sex prejudice, men prejudiced against women and vice versa. We have witnessed recently the rise of youth movements and interesting talk about what youth is doing or thinking, and their success or failure in inventing original sins that they might commit. It is hardly an exaggeration to say that in some of these "youth movements" we have men prejudiced against their own children-and, pari passu, a group prejudiced against their own parents. The inevitably transitory nature of this phenomenon requires no elaboration.

Race prejudice, being a collective phenomenon, is always localized in space, for groups are situated on the land. Race prejudice is thus attached to the soil. It should be studied with the assistance of the map. It would be highly profitable to have a world map of race prejudice which would show the different groups in different areas where the phenomenon is present and would reveal the interesting facts as to the unilateral or bilateral character of the attitude. Sometimes the prejudice is mutual, at other times it is one-sided. Moreover, such a map could be drawn so as to show the varying degrees

of prejudice in so far as these are capable of objective statement and record. But such a map, even if completely and accurately made out, would not exhaust the possibilities of cartography in research on prejudice. It would be profitable to have historical maps showing areas where prejudice formerly existed and has now disappeared. It is easy to show that many such areas can be deliminated. The historical map would also reveal previous periods when existing prejudice was not present. In short, the ecological study of race prejudice seems to offer a fruitful field for investigation and one which seems to have been hitherto overlooked. In July, 1928, a delegation of Presbyterian ministers appeared formally before the Home Secretary of Britain, requesting a quota arrangement against the invasion of the Irish into Scotland. They represented that the Irish are far too numerous in Glasgow and are increasing at an alarming rate. Constituting 25 per cent of the population of the city, the Irish receive 70 per cent of the poor relief. In the past twenty years the Irish increased 39 per cent and the Scottish only 6 per cent. Here are all the essential elements of race prejudice. Moreover, the Scoti from Ireland invaded Scotland, so that they are identical No sociologist could say of the invading race in this case that the trouble with the Irish is they have the wrong color.

It has elsewhere been pointed out that prejudice is a bivalent attitude. The rejection of one race is coeval with the acceptance and allegiance to another. When prejudice against a group is found it seems always possible to discover the correlative prejudice for another group. Moreover, both the favorable and unfavorable attitude varies in a continuous series with a middle or zero point of neutrality or indifference. Sometimes in defending the prejudice against a group the main emphasis is placed on devotion to the conflicting group. The literature produced in India in defense of what we may now call caste prejudice is devoted chiefly to idealistic phrases claiming a divine origin for the upper caste and defending the system as a benevolent institution which enables the privileged group best to serve the people as a whole. The current writings of the Ku Klux Klan abound in highly idealistic phrases in which loyalty and devotion to the precious heritage

of the white race are set forth as the chief motive of their activity and the main defense of their program. In this sense it may be said that race prejudice takes the form of altruistic devotion to the threatened group. The hostility may easily masquerade as love, and the wolf of antipathy wears not infrequently the sheep's clothing of affection and solicitude for the beloved group.

But here emerges a very interesting and important problem. The whole of a series from absolute devotion on one side to complete rejection on the other would thus seem to be characterized as prejudice, and yet prejudice is held to be an undesirable attitude, and is so described in the law books and so treated in the administration of justice. Freedom from prejudice is held to be the mark of a cultivated member of society. No refinement of dialectic seems sufficient to take away a certain moral stigma which has always been attached to the term. To be prejudiced is to be biased, bigoted, unfair, onesided. A man may admit that he is prejudiced and may even boast of it, but one can also admit being blind or glory in the possession of a goiter. This will lead us to suspect that some attitudes of rejection could exist which do not deserve the name prejudice and corresponding attitudes of approval and loyalty may be described which are not even prejudice in favor of their object.

Just how the nice distinction here involved can be investigated is an interesting problem for social psychology. The research could involve specific inquiry into the exact nature of the feelings, their attitudes, their genesis, and above all, their immutability. Not to be deflected by any threatened logomachy, we can assert that some attitudes which we may call X vary from extreme admiration to extreme rejection, and other attitudes of the series Y vary likewise between the two extremes. And these differ in some essential respects. The former appear to belong to the category of representations collectives which have been fully set forth by Levy-Bruhl. He who holds an attitude of extreme prejudice or reacts to an object which has extreme prestige is, in the phrase of the French author, "impermeable to experience." The attitude is fixed. He is "wedded to the notion," he believes in spite of the facts. Arguments against his view only make him worse. If forced to admit the untenable nature of rationalizations he does not give up his prejudice, but merely seeks out other rationalizations.

Against this the series Y is more objective. It is called judicial, since we expect judges to feel and act that way. Sometimes we refer to a scientific attitude or an open-minded attitude. The theory of gravitation had high prestige for several generations, but was abandoned in a short time and without any mental discomfort when a few facts were brought against it. Scientific theories seem to belong to class Y, though when the partisans of rival schools repeat their formulation the latter sometimes approach the character of represensations collectives, and are hardly to be distinguished from the slogans of politicians and other conflict groups. The conditions under which these divergent classes of attitudes are created is a fruitful field for research and one which seems to have been relatively uncultivated. The term rationalization is so useful a word and has so definite a meaning that it will never do to apply it to every reason one gives to justify his conduct or to defend a conviction.

There is a sharp difference between emotionally toned nonrational attitudes and those other attitudes whose real defense is identical with the expressed reasons. There is knowledge, certainty, and conviction; there is opinion and belief, and also prejudice. Our knowledge of their exact distinction awaits the result of the future investigation of some skilled psychologists.

We have referred to race prejudice as a collective phenomenon. The object has been shown to be a concept. Racial prejudice against a man is always against him as belonging to a conceived group. Now this group can be studied by the sociologist for he is always at home in studying groups. And if two groups in conflict are found, in connection with which prejudice exists, it seems always possible to describe them as different. These differences can be described in many forms: physical appearance is one, including color of the skin, but religion is another and very important difference. Language is such an important difference that to say "sibboleth" instead of shibboleth on one occasion cost many thousand people their lives. But prejudice is kept alive, or even at times created,

in a situation which calls attention chiefly to some other aspect of the collective life. A difference in food habits is important, striking differences in dress may be the center of attention. Difference in moral codes or variations from the folkways serve at times to mark off an out-group and to prevent us from including them when we say "we."

The particular situation determines the gestalt. For purposes of political action we may temporarily unite with our religious opponents and such activities tend to mitigate and diminish the intensity of race prejudice.

It is important to observe that where several of these differences combine in a single group the prejudice is strengthened in intensity and prolonged in time. The perennial nature of anti-semitism is by no means a solved problem, but it seems relevant to note that in many cases there is an accumulation of these symbolic differences. There is a so-called race or slightly different appearance, a different religion, a different dietary, and even a different costume. It would be interesting to know whether, if religion, language, food, and dress were identical, the race prejudice against the Jew would survive. There is reason to think that it would not.

This last remark gives occasion to emphasize an important aspect of race prejudice. In the experience of him who manifests it the conceptual image of the out-group tends to persist so long as any considerable number of the members retain the differences, even though most of the out-group have become assimilated to other ways of living. It is the poor Yiddish-speaking, kosher-eating Jew who is in a large and undetermined measure responsible for the attitudes felt toward the completely assimilated members of his group. It is the illiterate unwashed and dissolute Negro who keeps alive the conceptual image which is responsible for much of the unjust treatment which wholly assimilated members of his race receive.

In the above suggestions there seem to be also fertile areas of investigation. The varying differences, the extent to which they are focal in consciousness, and the ease and speed with which they are modified could be carefully studied with great profit, and the results ought to make significant contributions to what we would like to know about race prejudice.

Amene

Another aspect of prejudice which should be studied concerns the degree of exclusion or distance. Some work has been done in this field already, but much more light is needed. Complete assimilation, inclusion of the other race in the wegroup, is one limit, the other extreme being the desire to annihilate the out-group, or the less sanguinary expedient of sending them all across the sea, or keeping them there if they are there now. Between these extremes the out-group may be permitted to buy and sell, but in specified times and places only. They may be allowed to use the roads where horses walk, but not the paths reserved for foot passengers. A less degree would allow the privileges just mentioned, admitting the outgroup into the public meetings and vehicles, but in a segregated area. To continue the series, they might be allowed to attend meetings but would be excluded from hotels and restaurants where the in-group go, and near the end of the series they would be allowed to attend meetings and mingle freely, but would not be eligible to legal marriage.

This series is merely suggestive and not at all complete. An exhaustive exhibit could be made with sufficient patience and industry which need would be not only the picture of a situation but would include the changes in time. Concerning the conditions under which these various items in the mores arose and persisted, or did change and modify, the facts seem to be accessible and ought to throw much light. The Hindus in Natal are not more unwelcome than they are in Vancouver, yet the form of their treatment differs widely, and the study of the difference and the account of how and why it arose ought to be very valuable information.

In the next place, we need a careful study of the decline and disappearance of race prejudice. The difference between the Norman and the Saxon in England was physically very striking, and the student of history knows that the prejudice was very strong. The process is called assimilation, and about assimilation we know much, but need to know more. For race prejudice seems to go in a cycle. It has a sort of life history. We can record in many cases the conditions in a period when it would not exist. We can describe the very beginnings and set forth the peak. In some cases the cycle has been completed and the very conceptual image of the out-group has

disappeared from human experience. And if a sufficient number of these were set forth with completeness and accuracy the documents would be very precious and the insight would have no small value.

Concerning the relation of race prejudice to argument and discussion, it would probably be agreed now in the light of what we have come to know of human experience, that the reasons assigned, the rationalizations, the derivations are the result not of the attitude itself, nor of the object, nor the situation which produced race prejudice. The arguments, reasons, rationalizations are the result of controversy. They bear the same relation to race prejudice that theology bears to religion. Reasons are not essentially the products of the attitude, but rather are they separate acts. Arguments are the blows struck in wordy warfare. They are efforts to make ourselves appear rational to others or consistent to ourselves. The serious wastes of time which well-equipped men have suffered from when they tried to discover the attitudes by getting written or oral answers to questions is perhaps not too great a price to pay for our progress, but surely is a blunder which need not be again repeated.

When the attitude changes it must disappear in the melting heat of an emotional experience and the new attitude is moulded in exactly the same kind of matrix as that which gave form to the earlier one which it displaces. And since emotional experiences involving race result in attitudes toward a conceptual and not a perceptual object, it is possible for this to be vicarious with almost an equal effect as if it were personally experienced. Indeed, many of our prejudices are formed as a result of artistic experience. The Turks are detested by millions of people who have never seen a Turk. Instead of seeing the Turk they have lived through a dramatic and highly emotional experience where the Turk has been blamed for atrocious acts and prejudice against him has been strongly formed.

The cure is similar to the cause. What art gives art can take away. *Uncle Tom's Cabin* produced emotional attitudes and occasioned epoch-making changes in the objects which men held in mind over a large section of the nation. The *Clansman*

and the Birth of a Nation had identical tendencies in the opposite direction. Poetry, painting, the novel, and the drama, to which may be added that form of literature which we call history, are perhaps responsible for more of our prejudices and for more of the changes which take place in time than actual experiences.

But actual experiences do modify us. An emotional situation can never leave us unchanged. Every interesting and sympathetic contact with an approved member of a despised group is a drop of water slowly wearing away the granite of a collective attitude.

Race prepudice may then be called a natural phenomenon, in the sense that a drought, an earthquake or an epidemic is a natural phenomenon. It is defended by many as desirable; it is deprecated by others as an evil. But whether it be good or bad, and its effects desirable or undesirable, there is everything to be gained by considering it objectively, studying the conditions under which it appears, the causes of its origin, the forms and conditions under which it has increased or decreased in intensity, and whether it disappears and why. We have had much literature on the subject but most of it might be listed as propaganda. If objective social science were to proceed to an industrious and indefatigable investigation of this perennial aspect of collective life the results would have much theoretical value and would offer as well useful instruments of control.

BOOK REVIEWS

EDITED BY O. DOUGLAS WEEKS

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Allen, J. W., A History of Political Thought in the Sixteenth Century.

(New York: Lincoln MacVeagh, The Dial Press, 1928, pp. xxii, 525.)

Perhaps the easiest and most satisfactory remark to make about this book is that it is a thoroughly first rate performance. So much so that it is difficult to think of more than five or six books in English on a similar subject with which to compare it. Professor Allen, formerly of Bedford College, the University of London, has evidently steeped himself for years in the history and philosophy of the sixteenth century, for this it not a book which could have been turned out to order in a few months or even a few years. It is one of those scholarly productions which are monuments to infinite care for accuracy, combined with hard, clear thinking. Of course, it is not a book which will or should be read very widely. It is not to be recommended to the "general reader," nor to the beginner in the study of politics. It is distinctly a book for those who are fascinated by the history of political thought and who approach its pages with some knowledge of one of the most interesting periods of that history.

And, indeed, the sixteenth century is one fully worthy of such a study. It was not, to be sure, a century that furnished a large number of classic treatises on politics. Only Bodin and Machiavelli, in that respect, stand out in comparison with the great writers of the next two centuries, and, as the author well points out, the former is no longer read and the latter, one of the most misunderstood of all political theorists, does not deal with the main currents of thought and subjects of controversy in the century. But in the writings of men like Luther, Calvin, Hooker, Craig, Hotman, Buchanan, Mariana, Barclay, and de Belloy we find debates which grew out of the tumultuous beginnings of the modern states and which made possible the later treatises of Hobbes, Spinoza, Locke, Montesquieu, and Rousseau. The subject matter of those debates differs greatly in form and in content from those of recent years but the basic nature of the questions is much the same. Then as now they debated the various aspects of the central problem of political obedience, and, like ourselves, they were concerned with the forms and functions of government. The answers they gave ordinarily differed widely from those we usually give to similar questions because the circumstances of the times were so extremely different. In social, economic, political, and especially in religious conditions the environment of the time called for solutions which would have little application today. But as the state of today is the result of the sixteenth century

as much as of the nineteenth, so our political thought has been molded by the controversies of that age.

Professor Allen refuses to summarize in a few pages a book which, as he says, is all summary. Certainly the reviewer cannot hope to condense the whole of it to a few paragraphs. There is remarkably little matter in it which could be eliminated without seriously altering its value. The author proceeds from compact introduction to condensed analysis throughout the whole of his many closely printed pages. He is too decided a sceptic about the influence of one theorist on others (cp., e.g., p. 442 on Bodin's influence) to give a great deal of space to generalizations of that sort. Nearly all of his pages are devoted to brief descriptions and to longer and searching analyses. Bodin and Machiavelli received about fifty pages, Calvin about thirty. The lesser theorists are treated in shorter space or are combined together for discussion under various topical headings.

Part I deals with Lutheranism and Calvinism, Part II with England, Part III with France, and Part IV with Italy. Under these main divisions he discusses the place of religion in the political thought of the century, ideas of divine right and non-resistance, theories of toleration and revolution. He shows that, as a result of the Protestant Reformation and the Catholic Counter Reformation, of the hang-over effects of feudalism, and of the struggles between dynasties and individuals for political power, the political theorists of the century were "above all preoccupied with the problem of establishing and maintaining order. Just because order was the thing most needed it was a century of efforts to create and to centralize administrative arrangements for its enforcement." The author does not, of course, attempt a general political history of the century but he is at pains to indicate what seems to him to be the points of close relationship between events and ideas. But I venture to believe that the chief value of his book is not to be found in its discussion of the relation of general history to the history of political thought; rather is it in the "close, analytic and comparative study of texts" which he believes is the "one road to an understanding of the thought of any period." This does not mean, in his opinion, the study of a few outstanding or well-known authors. Frequently the typical thought of a given time is to be found in the works of obscure or anonymous contributors, not in "the work of writers whose real distinction and originality makes them untypical."

Needless to say, the author does not deal with all of the obscure or anonymous writings of the century. In fact, he suggests that the title of the book might more accurately be "Some of the Political Thought of the Sixteenth Century." He furthermore confesses that he has left undone many things which should have been done, and has expressed some conclusions on the basis of insufficient evidence. But it is probable that criticism of the work will not focus upon the author's failure to study in yet a more minute manner the lesser literature of his chosen century. Nor is there likely to be a great deal of criticism of the conclusions which he expresses in his particularistic studies of men and

movements. Of course, there will be disagreement about those conclusions, but Professor Allen is so cautious that he rarely lets himself in for any very serious criticism of this kind. Rather does it seem that he has been so careful, and so insistent upon a meticulous study of individual writings, that the more general trends of the century are somewhat obscured by the detailed discussions. After all, the sixteenth century came between the fifteenth and the seventeenth and there are no sharp breaks where one leaves off and the other begins. The developments of thought in this century are a part of the course of modern history, and Professor Allen's scepticism about generalizations as to influence and importance seems to restrict him in his vision of those general lines of change which are at least as important as the changes between the first and final editions of Calvin's Institutes. However, if one but make a careful study of the book the material for reaching conclusions as to the general trends of the age will be found, and it is emphatically a book worthy of just such careful reading.

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Dobb, Maurice, Russian Economic Development Since the Revolution. (New York: E. P. Dutton & Co., 1928, pp. xii, 415.)

That revolutionary social and economic experiment initiated in Russia by the revolution of October-November, 1917, bids fair to be as significant for the twentieth century as the Revolution of 1789 was for the nineteenth century. Yet, as Mr. Dobb accurately states, "the real facts of this experiment remain little known to the economist or the social theorist, and still less to the general public." The veritable flood of books, pamphlets, and journalistic articles on the revolution and subsequent course of events in Russia has, one fears, only added to the readers' confusion and bewilderment. "History is rarely appreciated by its own generation." The events of the past decade are too near us for detached judgment and accurate appraisal. We lack perspective and standards to sift the true from the false, the valid scientific analysis from the distorted prejudiced account. The events of the communist revolution lie within history's zone of blindness. The more ample evidence and clearer judgment which the future will bring probably will prove that nothing definitive has yet been written on the Russian revolutionary epic.

Mr. Dobb fully appreciates the incompleteness of his account, the tentative character of his interpretation, and the rashness of venturing a judgment on contemporary history. Yet he feels that unless we are content to surrender our destiny to the blind and uncontrolled forces of history, we must make every effort to know and understand the making of contemporary history. It is fatal to learn the lesson of events too late. Tentative interpretations and incomplete accounts are better than none, and the importance of understanding as much of the present as we can warrants the risk of erroneous analysis or faulty judgment. Accordingly, he endeavors "to set down facts objectively without moral

judgments, explicit or implied, to analyse their significance and to elucidate the motives and intentions of those who are guiding the course of events." Yet, as he explicitly warns the reader, it is inevitable that an author's own assumptions should obtrude themselves into the framework of his interpretation.

A most commonly voiced opinion is that "Russian history of the last ten years marks the death of another utopia, the bursting of a giant social bubble in contact with economic reality," an opinion found among persons "usually intelligent and well informed upon social and economic affairs." Mr. Dobb is concerned to prove that this opinion is based upon an absolutely false conception of Bolshevist or communist philosophy, tactics, and program. He holds that the communist bubble has not burst, that the Communist Party has not been captured by the opportunists and surrendered to the bourgeoisie, that Soviet Russia is steadily holding to the course towards socialism mapped out by Lenin. The economic development of Russia since the revolution is described and analyzed in the framework of this major premise.

Those who contend that Soviet Russia has beaten a retreat towards capitalism and ruthlessly sacrificed socialist ideals "on the altar of American efficiency methods" base their argument, for the most part, on the character and imputed effects of the New Economic Policy. In Mr. Dobb's view those who advance this argument grievously misinterpret the New Economic Policy and misunderstand "that system of social ideas which has come to be called 'Leninism.'" The error has arisen fundamentally through confusing the "war communism" of 1918-1920 with the goal of communist policy and program. In consequence of this confusion, the abandonment of war communism in 1921 in favor of NEP was regarded as the collapse of the communist dream and "a return to the ways of capitalism." But the real basis of communist policy is "the belief that the only solution of the unstable equilibrium of the class struggle, the only way of saving civilization from decline," is the transference of power in society to the working class, the consequent abolition of class monopoly, and the introduction of a classless society. To this primary aim of a classless society all things else are subordinated. Its realization requires common ownership and control of the means of production, and for this reason collective ownership and socialized production must be substituted for private ownership and capitalist production. Whether industry so organized is more or less efficient than capitalist industry, whether "the 'planned economics' of state control will be superior to the 'anarchy of laissez-faire,'" is of little or no significance. Not the form of administration or efficiency of productive enterprise but the abolition of classes is the first and fundamental aim of communist policy. The New Economic Policy serves this aim; it is, therefore, a policy in the direct line of march, not a retreat nor even a flanking movement.

Thus Mr. Dobb casts aside as largely irrelevant to socialism those very questions of efficiency and administration which absorb almost the whole attention of the English Fabians and, to a less extent, the Guild Socialists. He likewise seems to the reviewer to have thrown overboard the Marxian interpretation of history. If there is one thing that much disputed interpretation teaches, it is that revolutionary social transformations occur when, and only when, the existing "relations" or "conditions" of production become fetters on the fully developed "productive forces" of a given society, and that that class will triumph in the struggle whose interests are most in harmony with the requirements of efficient and unhindered operation of the forces of production. If that be true, questions of efficiency under socialism cannot be of secondary or trifling importance. One may legitimately discard the Marxian interpretation, but he cannot have the Russian communists discard it and yet claim, as Mr. Dobb does, that they are true Marxians.

Mr. Dobb's argument develops logically from his premise regarding the aim of communist policy. Lenin thought it necessary for the organized proletariat to seize the power of the State by a revolutionary coup d'etat for he was convinced "that exploitation would only be abolished after power had been transferred to the workers, that this transfer of power would be resisted and would involve an open struggle, and that the strategy of this struggle for power must be the preoccupation of any genuine socialist party." That is to say, the State is an organ of capitalist domination and a support of the monopoly of the capitalist class. Its capture by the workers is the necessary first step in the abolition of classes and class monopoly as its own "withering away" and disappearance is the final step.

Again violence seems to be done to the materialist interpretation of history, which postulates changes in the "productive forces" or the "mode of production," in the economics of a given epoch, as the ultimate cause of the transformation of the political, legal, ethical, and religious superstructure of a society. Mr. Dobb would have the Bolshevists reversing the sequence, achieving a transformation of the economic system and at least the initial step in the realization of socialism by means of a political revolution. This idea appears again and again in his analysis. A striking instance of it is found on page 17. To the opinion of many socialists that Russia's economic backwardness precluded the revolutionary initiative being taken in Russia without definite promise of a similar movement in western countries, Mr. Dobb contends that to Lenin "the economic backwardness of Russia was largely irrelevant to the political question of the seizure of power. The former certainly affected the problem of subsequent economic policy and economic organization; but the latter was a political question with which the balance of class forces was primarily concerned." In this view it is argued that the political issue of class power was for Lenin preëminent, and any reasonable economic concessions contrary to socialist ideals or tinged with capitalist characteristics were not too high a price to pay for the maintenance of the political power of the Bolshevists. Hence distribution of the land to the peasants, abandonment of the highly centralized state control of industry and state-organized system of barter and requisitioning in favor of a money economy and free

trade in peasant agricultural produce, the opening of certain fields to private enterprise, in a word, NEP, represented, not deviations from the communist path, not a retreat towards capitalism, but merely a consolidation of positions and a strengthening of the political power of the party for a fresh advance towards a classless society. The New Economic Policy was merely "a return to the path which was being trodden in the Spring of 1918."

The remainder of the book is devoted to a description of the economic reconstruction of Russia since 1921. There is a detailed account of the structure and functioning of the State administrative organs, the State trusts and syndicates, the coöperatives, the organization of agriculture, and the operations of private enterprise. The "scissors" crisis of 1923, the various explanations and proposed remedies for it, and its partial solution in 1924 are discussed with gratifying carefulness and adequacy, as is indeed the whole of that central and decisive problem confronting the U. S. S. R., the conflict of city and village, of industrial proletariat and agricultural peasants. The book closes with a chapter on "Economic Prospects," marked by its cautious prophecies and moderate optimism yet confident faith in the survival of socialism in Russia and the competence of the communists to solve the difficult economic and social problems which confront them.

A careful reading of Mr. Dobb's analysis and interpretation of Soviet Russia will repay one who is interested in the vast social experiment in process in that country. His work is scholarly and well documented. It is also remarkably free from impassioned prejudice or distorted bias which mar most books on Russia. It undoubtedly will assist towards the formation of an intelligent opinion and sound judgment of the program and achievements of the Soviet government.

EDWARD EVERETT HALE.

University of Texas.

Barnes, Harry Elmer, In Quest of Truth and Justice, Debunking the War Myth. (Chicago: National Historical Society, 1928, pp. xi, 423.)

It is to be devoutly hoped that the reading public is not yet tired of the name of Harry Elmer Barnes; for one never knows when or where one may stumble upon it, and it has a habit of coming, unheralded, into ones' mail-box, like the annual tax notice that one yearns to forget. Mr. Barnes is the E. Phillips Oppenheim of the scholarly world. Even assuming that he profits widely from the researches of others, his productivity is really amazing. I had hardly received his admirable study, Living in the Twentieth Century before being pelted with his latest outburst: In Quest of Truth and Justice. And this last missile has left me weak. But I will have to confess that the fault was partly mine; for the book absorbed me until the small hours of the morning.

In Quest of Truth and Justice is primarily the record, as Mr. Barnes gives it, of his crusade to enlighten the American people as to the real causes of the World War, and the unabated iniquity of France, Great

Britain, and Imperial Russia in all its relations therewith. It is published by the National Historical Society, of whose sponsors and interests one might like to know more than Mr. Barnes tells us. By way of introduction he gives a succinct account of the immediate responsibility for the war, which is perhaps the best writing that he has done on the subject; and, even with many essential facts left out, is sufficient to acquit Germany of the sole responsibility for the great tragedy of 1914. It may readily be admitted, indeed, that there are but few persons sufficiently immersed in diplomatic history to analyze Mr. Barnes's thesis with adequate thoroughness, and I do not claim to be one of those few. Notwithstanding the fact of being an early sympathizer with Austria in the affair of Sarajevo and a skeptic as to British sincerity (which induced an article in 1914 called "The Case Against Great Britain"), I doubt if I would ever have passed as even a quasirevisionist in Mr. Barnes's judgment. And, even now, when we know that Russia was more than ready to meet the challenge of the Central Powers, I cannot divest myself of the conviction that Germany, in using the Russian mobilization as a casus belli, was mainly responsible for the war. Granting the significance of the Franco-Russian military convention of 1895, the Russian military protocol of 1912 and even Dobrorolski's interpretation of Russian policy, complete preparation for a war that seems unavoidable is neither an affront to another nation, nor, in itself, an act of aggression. Yet, as Mr. Barnes says that this is not a debatable question, I must simply be hopelessly obtuse!

Mr. Barnes's theory that Russia was plotting a war for many years before 1914 and seized the Austro-Serbian feud as an opportunity to that end, has undoubtedly much circumstantial evidence in its favor; likewise the indifference of France as to whether Russian policy, and particularly the order of general mobilization, accentuated the crisis. But if France was criminally indifferent (and I think so much is proved), he does not show that so also was Germany for several days after Austria, by her famous thunderbolt, threatened the peace of Europe. The trouble is that Barnes's work takes too much the character of a prosecution to be regarded always as serious history. Such, indeed, is "revisionism" with a vengeance!

The same objection may be made to Mr. Barnes's account of "atrocities." The Germans, at least by implication, get a complete whitewash; the after-war brutalities of the French are, on the other hand, given full credence. It may be that Bédier's evidence from the pens of German soldiers has been wholly discredited, but I certainly do not remember that such is the case. Manifestly, the fact of much "bunkum" in the stories of atrocities does not dispose of them altogether. And surely, to brand the Entente Powers as the only criminals in the pack is just as incredible as the old habit of blackening only the "Huns"! The same lack of breadth is shown in the author's treatment of those who have the temerity to disagree with him. They may err sometimes in accepting French or British statements too readily (not every one is temperamentally fitted to execute a volteface as quickly as Mr.

Barnes); but how do we know that Wiesner, Berchtold, Jagow, and Pourtalès were telling the truth to Barnes? We do not know precisely what they said, or whether he understands spoken German fluently. Again, when he says that Bernadotte Schmitt's devastating criticism of his book, The Origins of the War, did not evoke his resentment (vide his reply, p. 298 ff.), he offers as proof that he still admires an earlier work of Mr. Schmitt. Does Mr. Barnes think that is proof? What about the importance of weighing psychological factors—the lack of which he regards as "Mr. Schmitt's most notorious deficiency." Of course "Chevalier" Hazen must be biased by his French association, but what about the influence working unconsciously upon Barnes during his recent lectures in Berlin? And what, finally, are we to think of Mr. Barnes's contention that the position which he takes in all his heated controversy over war-guilt shows great self-abnegation? My contention is simply that he might wisely show the same generosity to others that his own case so frequently demands.

Most of the book is devoted to the publication of his controversies with the orthodox or near-orthodox, and his comments thereon. Mr. Barnes has an unusually readable style, and he can deliver pungent criticism, or compose abusive epithets, in telling fashion. He is not always a fair fighter. When he tells us that Schmitt "hazarded no reply" to his counterblast in the *Progressive*, he omits to mention that Schmitt announced in a brief statement that he sent to his friends that he (Schmitt) would let his forthcoming book answer the objections which Barnes had raised. It could not be that Barnes was unaware of this statement. Certainly, when Barnes descended, as he did, to personalities, one can hardly blame Schmitt for not continuing the debate; but why could not Barnes tell the whole truth? There is here a

slight lacuna in the record of his bouts.

My chief criticism of Mr. Barnes as an interpretor of war-guilt is not want of industry or of professional experience. He need not tell us so elaborately how well prepared he is to be an historian; for the technique of his works demonstrates that. But his belligerent sincerity not only, it seems to me, leads him often to distort the picture that he draws, but is only too likely to repel at once the sympathies of his reader, who simply cannot believe that such an investigator is ob-Above all, his frequent descent to personalities is in the highest degree unethical, if one is to consider that scholarship has any ethics that a gentleman should observe. The controversy with Mr. Turner was not creditable to the dignity of either of the parties, but it may at least be said that Mr. Turner did not sling the first mud. I venture to believe that Mr. Barnes impresses his fellow-historians as just as neurotic at times as some of the scholars on whose alleged foibles he expends so much ridicule. Such defects are especially regrettable, as he is a man of painstaking diligence, fine intellect, and remarkable facility in expression. And it is also true, I think, that few of his statements of historical fact have been proved to be inaccurate. comes to interpretation, however, it is not always possible to accept

his "ipse dixit." Since Fay, by commending Renouvin, is now in danger of being read out of the party of "revision," one wonders if the time is not coming when Barnes will be limited in his sympathies to Morhardt, Demartial, Margueritte, Montgelar, Senator Owen, and the (not-too-disinterested) editors of the Kriegschuldfrage.

T. W. RIKER.

University of Texas.

Waite, Warren C., Economics of Consumption. (New York: McGraw-Hill Book Company, 1928, pp. vii, 263.)

The reason for the appearance of this book according to the author is that "The economics of consumption has had little systematic development at the hands of economists." His purpose is to gather together the bits of "fragmentary" and "scattered" material on the subject "and present it as a related whole." The subject matter is not presented from the point of view of the consumer solely, but consumption problems as they relate to the "household economist," the "market economist" selling his product, and "all of us . . . as consumers." That the treatment is more general than the title suggests is evidenced by the statement that it purports "to give a grasp of the economic principles underlying the problems of consumption as they arise in the existing order."

The first six chapters are devoted, in the main, to the consumer's environment in the "existing economic order"; an economic order presenting the phenomena of inequalities of income, fluctuating levels of prices and money incomes, as well as the problem of protecting the consumer's real income from a rising cost of living or exploitation through unfair prices and inferior quality.

The next six chapters deal wholly with "The Choice of Goods." This portion comprises, first a traditional, orthodox treatment of the effect of price on the choice of goods, with variations from the general rule depending upon the degree of elasticity of demand for the particular commodity; second, a detailed description of family expenditures, budgets, and variations between consumption of individuals and groups on the basis of time and place; third, a statement of the susceptibility of most consumers to schemes for demand manipulation, and the consequent purchasing habits of the consumer.

Part III deals with one of the most vital phases of the problem of consumption, namely: the administration of the individual income. It is here, too, that the treatment is perhaps least satisfactory. The author regrets that "There are few definite tests of what constitutes correct expenditure"—even the housewife "can seldom be certain that a particular expenditure is the best." Most of the remainder of this section is, therefore, devoted to presenting facts as to how consumers generally in the past have spent their incomes. One point made is that consumers should be educated to take advantage of buying on the basis of quantity and quality.

This logically leads to the next and final section of the book which deals with "Social Problems of Consumption." These are presented as

follows: the population problem, national problems in consumption (intranational and international competition as affected by different "levels of consumption"), and, finally, consumers' coöperation.

Opinions as to the merits of the book will vary, no doubt, as they will with respect to any treatise. But its emphasis upon aspects of the consumption problem rather thoroughly treated in most texts on "principles," and the large amount of descriptive material make it definitely disappointing to one who looked for something more intensive. It has often been said that no thoroughly good work has ever been done dealing solely with the problem of consumption. Accepting this viewpoint, the book is perhaps as good as any treatise on the subject.

The work, according to the author, is the outgrowth of a course for Home Economics students at the University of Minnesota and presupposes a fair knowledge of "principles," at least what one would expect students to get from a five-hour course, which is the prerequisite. For students with this background, the treatment of the whole subject seems much too elementary. In view of the array of descriptive material, the tedious restatement of what students should be expected to bring with them from a course in "principles," it should not be too difficult for stu-

dents only beginning the study of economics.

However, there are some good things in the book, although nothing new. It reiterates the accepted view that "consumption is not carried on in the best possible manner." While one would infer that the deficiencies in our scheme of production can be accounted for either as the result of ignorance on the part of the consumer, or the impalatable fruits of the competitive system, little suggestion is made as to what can be done about it. One worthwhile proposal, however, for the benefit of the consumer (along the lines advocated by Chase and Schlenk) suggests a governmental commission the duty of which would be "the standardization of commodities and commodity performance."

But this would not suffice to make up for weaknesses in consumption due to indifference, thoughtlessness, or the "aping" of others on the part of many consumers. This is partly evident from the author's statement that "Another large group of errors in consumption arises from

our imitation of the consumption of others."

Mr. Waite does best, perhaps, in his final statement of the problem of

consumption in the following passage:

"The opportunities for wasteful expenditures increase rapidly as the income rises above the minimum of subsistence level. Our increasing power over productive resources and our rising level of income is complicating rather than simplifying the problem of efficient consumption. We must look forward to a loss of much of this gain in productive efficiency through poorly ordered consumption unless consumers, in general, can be educated to better modes of consumption, and stimulated to a pride in efficient consumption."

However, this leaves the whole problem of consumption still wide open.

C. A. Wiley.

University of Texas.

Robinson, Cyril E., England, A History of British Progress from the Early Ages to the Present Day. (New York: Thomas Y. Crowell Company, 1928, pp. xiv, 892.)

New college textbooks in English history continue to appear with great frequency. Mr. Robinson's work is unquestionably one of the best in the field. His aims in the preparation of the original edition were, as he states in his Preface, "to stir interest and appreciation; . . . to provide material for some real understanding of historic issues; . . . and to print upon the memory a clear and decisive picture of the major facts." In the achievement of these, he has been remarkably successful. His material has been well sifted, his facts well chosen and impartially presented and his story as a whole well told. He has purposely kept out of the narrative many of the petty details the inclusion of which have made certain other texts confusing, and has devoted the space thereby saved to the detailed discussion of those developments which he considers of major importance.

The book is better proportioned than many of those which have recently appeared. It is divided into four parts, the first covering the early and medieval periods in 174 pages; the second, dealing with the Tudors and Stuarts in 164 pages; the third, William III to Waterloo in 180 pages; and the fourth, the nineteenth century and contemporary history in 252 pages. The disproportionate length of the fourth part is due to the relatively detailed study of the Great War. In fact, it is this emphasis on military history throughout the book that constitutes, in the opinion of the reviewer, its chief weakness. Campaigns are described at considerable length and a very large part of the maps and plans which the book contains relate to military developments. Thus there are plans for the battles of Senlac, Crecy, Marston Moor, Blenheim, and for many others, which consume valuable space that should have been applied to a better purpose. If these long digressions into military history must be adversely criticized, not so with those into European politics, "without which," as the author justly observes, "it would be difficult to keep in view the general trend of the country's development."

The narrative is illustrated by excellent maps many of which, although valuable to the student, are rarely found in a general text of English history. One wonders, however, why a map of British Australasia was omitted when the other major parts of the British Empire received graphic attention. So also the narrative of Roman Britain might have been clarified by a map of the Roman Empire. There are a number of excellent portraits, taken from photographs owned by the National Portrait Gallery of London; and several photographic reproductions of Britain's historic castles, churches, manorial halls and palaces. In the selection of his portraits, the author fortunately does not display his weakness for military history but gives preference to such great civilian leaders as Wordsworth, Cranmer, Canning and Bunyan.

There is appended to the narrative a well organized syllabus with a chronological table (80 pages); a brief description of the British constitution; a brief, but valuable bibliography, "selected for students rather

than for teachers" and including references to many historical works so presented as to indicate whether the works are especially adapted to the use of the immature or the more advanced reader.

The lively and trenchant style of the author makes the book very readable. Occasionally, however, the author by rather obvious means deliberately plays for an impression; also there are passages which are grammatically unsound or extremely awkward in construction, as for instance (p. 3), "consider how the world stood three thousand years, that is, before the birth of Christ."

Generally, the book is accurate, but there are occasional slips, especially in the discussion of Norman feudalism as introduced into England. William the Conqueror did not deliberately take the "very obvious precaution," that no baron should receive extensive estates in one piece. This scattering of grants, as several constitutional historians have recently pointed out, was not the result of the deliberation of the Conqueror, but was caused rather by the accidents of the conquest, which was gradual and not instantaneous in its nature. Likewise, the requirement of an oath of fealty from all landholders at Salisbury in 1086 did not constitute a "far reaching decision." As Professor G. B. Adams has so well pointed out in his Constitutional History of England, the Hastings oath was only one of many similar oaths required from landholders both before and after 1086. It was not an innovation. King William was merely following a custom with which he had been familiar in Normandy and which had been inherited from the French monarchy. As to the oath itself-in practice, it meant little and had no real influence on the political developments in the kingdom.

As a whole, however, Mr. Robinson's book constitutes a readable and teachable text, superior in most respects to many similar works which have recently appeared and it will probably be widely adopted for college purposes.

MILTON R. GUTSCH.

University of Texas.

Sims, Newell LeRoy, Elements of Rural Sociology. (New York: Thomas Y. Crowell Company, 1928, pp. xiv, 698.)

If the importance of a piece of legislation can be measured by its effects, it is safe to say that the land ordinance of 1785 far outweighs any other law affecting the farmer and possibly all such laws taken together. This ordinance provided for the rectangular survey of the public domain, and thereby determined the physical form of the American rural community. Such a community, a vast area of separate, scattered farmsteads, had never existed before. But for its actual presence we should probably have believed a community of this sort to be impossible. So persistently does man seek the company of his fellows that gregariousness has often been regarded as one of the instincts. Therefore, when we find millions of families living on isolated farms, we are driven by the uniqueness of the situation to seek an explanation. The rectangular survey supplies it. The pioneers were forced by the shapes and sizes of their holdings to settle at considerable distances

from their neighbors. The retention of certain portions of land for public uses and the abundance of land available for occupation kept the population sparse.

The effect of the surveying system, however, did not end with the imposition of physical form upon the community. Through the reduction of the number of social contacts, inevitably the result of isolation, social organization among the American farmers has been so seriously retarded that it has never progressed far beyond a state of genial anarchy. Only recently have developments in the techniques of communication done something toward relieving this condition. A certain amount of class consciousness has grown up, likewise a few successful attempts at cooperative enterprise. But the remedy has apparently come too late. Generations of isolation have developed in the farmer a personality in which individualistic attitudes are strongly predominant. These attitudes are acquired as a cultural heritage by the farmer's children to the detriment of every kind of concerted action. A vicious circle of isolation and lack of social organization has been in operation, each factor accentuating the other, so that the farm has remained all but void of social life and has become an intolerably lonesome place to live.

The difference, thus produced, between the American farm community and the city are so conspicuous that many sociologists have felt it desirable to give them separate treatment in their studies. This is the position of Professor Newell LeRoy Sims, whose book, Elements of Rural Sociology, furnishes the inspiration for this review. Seeing the social characteristics of the farmer strongly contrasted with those of the city man, the author essays a thorough-going study of practically all problems essentially rural in nature. The result is a valuable accumulation of facts of many kinds, including some material scarcely classifiable as sociology. As examples may be mentioned the discussions of the physical characteristics of the rural population and the sizes of farm incomes. However, since a knowledge of these facts is very helpful to an understanding of the social life proper, their inclusion is probably justified. With respect to its more strictly sociological aspects the book has many merits. The chapter portraying the inner workings of the rural mind shows intimate knowledge and keen analysis. The organization of the rural community is also ably discussed.

Like many other writers in the field of sociology, Professor Sims has yielded to the temptation to suggest reforms. He sees the farmer helplessly struggling under the handicap of certain unfavorable conditions in his social life and recommends changes for the better. But in so doing he has somehow succeeded in avoiding advocation of visionary schemes on the one hand and the appearance of a prejudiced viewpoint on the other. By the maintenance of practicality and impartiality the author has made acceptable a feature of his book which would otherwise have gone far toward spoiling it.

Professor Sims is to be congratulated on having the courage to institute a bit of practical spelling reform.

CARL M. ROSENQUIST.

University of Texas.

Mattern, Johannes, Principles of the Constitutional Jurisprudence of the German National Republic. (Baltimore: The Johns Hopkins Press, 1928, pp. xv, 682.)

In contributing to the series of the Johns Hopkins Semi-Centennial Publications this exhaustive study and analysis of German constitutional development, Dr. Mattern has placed it in the setting of the theory of the juristic school to be found in his Concepts of State, Sovereignty, and International Law with Special Reference to the Juristic Conception of the State, a volume introductory to the present work, but he has given a distinctive turn to the treatment of his topic. This is not a new commentary on the individual provisions of the Weimar Constitution, of which there are already many, but a presentation of the general principles underlying the new fundamental law of the Reich, as ascertained from the original debates of the Weimar Assembly and the writings of German jurists of all schools since the foundation of the Hohenzollern Empire.

The author prefaces, in Part I, his discussion of the republican regime by a careful study-sketch of Germany's constitutional evolution from the days of the Frankenreich to the outbreak of the Revolution of 1918, dwelling particularly on the legal nature of the old Reich and analyzing exhaustively the constitutional changes produced by the overthrow of the monarchy. He then treats of the legal nature of the republican Reich and devotes the remainder of his work (Parts II and III) to a methodical analysis of the different parts of the constitutional structure, as built up under the Weimar instrument, both with reference to imperial constitutional precedent and republican amplification in practice. His analysis of the relations between the Reich and its component Länder is premised on the conception of monistic sovereignty, to which is added, not the traditional "division of powers" doctrine, familiar to every student of federal government, but a distinctive "division of competencies" which steers the German National Republic between the Scylla of federalism and the Charybdis of unitarism.

Dr. Mattern belongs, among the interpreters of the Weimar Constitution, to neither of the extremist schools: he admits quite frankly that the federal empire of Bismarckian days is irretrievably gone; on the other hand, the unitary state for which the revolutionary leaders strove in 1919 is not yet at hand. He indicates, however, that "the business interests of the entire nation have openly cast their influence in the direction of reform toward the unitary state and a highly centralized national administration" (p. 357). The trend would appear to be an irresistible one which the country's financial servitudes as regards reparations must inevitably hasten.

In dealing with the thorny problems of states rights, as with the use of the instruments of direct popular government, the author draws discriminatingly on American precedent, placing it in juxtaposition to the practice of post-war Germany in a way that throws familiar light on the problems that have vexed the statesmen of the republican regime.

Students of government will particularly value the analysis of both theory and practice which Dr. Mattern continually furnishes in regard to each phase of his discussion.

The author has provided an ample list of source materials and commentaries which, while not laying claim to exhaustiveness, has been critically selected and annotated to give "the essential within the limits of the obtainable." It is fine grist, therefore, which he presents, the product of good milling. In it one finds the careful evaluation of documentary texts and the discriminating citation of authoritative works. For many the volume will for the first time make available much that has hitherto been monopolized by a close circle of German jurists and scholars. For this genuine service Dr. Mattern deserves the thanks of American scholars and laymen.

MALBONE W. GRAHAM.

University of California at Los Angeles.

Russell, Bertrand, Sceptical Essays. (New York: W. W. Norton & Co., 1928, pp. 256.)

Bertrand Russell is one of the most able thinkers of the present day. His work in mathematical logic and in realistic theory of knowledge constitutes one of the main intellectual achievements of the last few decades. Unfortunately he writes facilely and brilliantly. He turns out a great quantity of popular material which is always interesting but not always so done as to increase his reputation.

His latest book, Skeptical Essays, contains seventeen scattered papers, many of which might gain from an increase of scepticism on the part of the author. The first five chapters are concerned with theoretical problems: on the value of scepticism, dreams and facts, whether science is superstitious, whether men can be rational, and what philosophy is in the twentieth century. His sceptical theory is summarized in one long sentence. "The scepticism that I advocate amounts only to this: (1) that when the experts are agreed, the opposite opinion cannot be held to be certain; (2) that when they are not agreed, no opinion can be regarded as certain by a non-expert; and (3) that when they all hold that no sufficient grounds for a positive opinion exist, the ordinary man would do well to suspend his judgment." In this passage Mr. Russell seems to assume that beliefs are neatly divided into the certain and the uncertain. Elsewhere he argues that all beliefs are merely probable and differ only in the degree of probability. The reviewer cannot reconcile these statements.

The sixth to tenth chapters are concerned with ethical and evaluative problems. Here his problems are: machines and the emotions, behaviorism and values, eastern and western ideals of happiness, the harm that good men do, and the recrudescence of Puritanism. His discussions are always interesting but they leave the critical reader somewhat bewildered. Mr. Russell's theory of value was once that of Mr. G. E. Moore, but later he was converted to the naturalistic subjectivism of Mr. George Santayana. The essays in this book seem to

be based on the somewhat dogmatic intuitions of Mr. Russell's earlier period.

The last seven chapters in the book are concerned with problems of political thought. His main concern seems to be to defend the principles of freedom, and to this topic three chapters are devoted. His arguments for freedom of thought are well-stated, though not new in principle. On the whole, Mr. Russell believes in Liberalism, but he is sceptical only about its effectiveness, not about its truth. He says on page 236, "I do not know of anything better than the old Liberal watchwords, yet I feel that they are likely to be very ineffective." One wonders whether an increase in scepticism is called for.

In 1900, Mr. Russell wrote the following words about Leibniz: "The best parts of his philosophy are the most abstract, and the worst those which most nearly concern human life."

A. P. BROGAN.

University of Texas.

Mitchell, Broadus, William Gregg, Factory Master of the Old South.

(Chapel Hill: The University of North Carolina Press, 1928, pp. 328.)

William Gregg, early factory owner, benevolent despot, realist and social philosopher, protectionist in a free-trade region, champion of the "poor whites," follower of the Henry Carey school of economics, minor politician and man-of-affairs in general, was convinced that the salvation of the South depended upon diversification of industry, and he visualized a social reorganization through the steady implanting of manufactures in an agricultural economy. The industrial revolution which he advocated did not take place until decades after the publication of his Essays on Domestic Industry, but the influence of Gregg's writings and practical experiments was nevertheless a very real one, not to be minimized because of the relative obscurity of the man himself. Professor Mitchell's account of Gregg and of Graniteville should make possible a better genetic interpretation of the forces that are today working toward southern industrialization.

In the "factory of granite" which he erected in 1846, Gregg gave practical demonstration of his theory that the southern states could succeed in the manufacture of coarse cotton fabrics; and his production, sales, and labor policies anticipated those policies that were much later to put southern manufacturing upon a sound basis. Fearing the destructive effects of dependence by an agricultural country upon its industrial neighbors, he set about bringing the mills to the cotton. The unfavorable attitude of the ante-bellum Cotton Kingdom toward manufactures only spurred him to greater efforts. "It would be well for us," he wrote, "if we were not so refined in politics—if the talent which is now engaged in embittering our indolent people against their industrious neighbors of the north had with the same zeal been engaged in promoting domestic industry and the encouragement of the mechanical arts."

Gregg's business activities constituted a practical application of his economic theories and social philosophy. Much in his writings, from which Professor Mitchell quotes at length, savors of Carey and List—the economic and social value of association, the necessity for a diversication of pursuits, the virtue of introduction of handicraft industries in small towns, an elimination of useless middlemen, a dislike of England's industrial domination. Like so many of the bourgeoisie who have followed him, Gregg was an exponent of laissez-faire except in the matter of tariff protection. He favored internal improvements by private rather than public enterprise; he looked with suspicion upon the Bank of the State of South Carolina; and he opposed state investments in the railroads.

Graniteville was a feudal village and Gregg was its benevolent despot—"his retainers' employer, landlord, teacher, clergyman, and judge." Yet the specter of skepticism which is often raised regarding the motives underlying factory welfare work can hardly be flourished in this case. Some of Gregg's utterances were, it is true, distinctly Bourbon. ("Capital will be able to control labor, even in manufacture with whites, for blacks can always be resorted to in case of need.") He was probably a trifle alarmed by the reports of industrial strife in the North. But Professor Mitchell feels that of the sincerity of his desire to contribute to the welfare of his operatives there can be no question. With moral fervor he set about salvaging the "poor whites" in the hills—a group "only a few generations removed from the frontiersmen who cleared the land they occupied, but, expelled by negro slavery, strangers in their own land. The first great cotton mill welcomed them back into into the body social."

Professor Mitchell has done his work painstakingly and with sympathy for his subject. If one sometimes thinks that the detail might have been condensed to advantage, one also feels relief that here is a biographer who does not feel called upon to subordinate all facts to his own interpretations. Throughout the pages the personality of William Gregg becomes clearer and more captivating—the personality of a delightful old bourgeois, taking a pardonable pride in the town and school he had established, expatiating to the youths of the community upon the virtue of hard work and reminding them that he did not take off his own workman's apron until he was worth \$50,000, devoting himself assiduously to the business he had fathered but finding time to do quite a little mixing in politics, pondering over economic problems in the quiet of his study at Kalmia, and ever pleading for the development of southern manufacturing. Those interested in southern development during the "old" and "middle" periods will find the book of especial value; and it should also appeal to the many who are jaded by the popular biographical diversion of deflating great characters and are willing to follow sympathetically the career of a man who, although not great, was significant.

ROYAL E. MONTGOMERY.

University of Texas.

Royse, M. W., Aerial Bombardment and the International Regulation of Warfare. (New York: Harold Vinal, Lt., 1928, pp. xv, 255.)

The objective of the author is to determine the extent to which weapons of war, or warfare itself, may be restricted by international action. While particular emphasis is given to the subject of aerial bombardment other aspects of warfare are not excluded. The conclusion drawn is that the rules of warfare are based primarily upon the principle of utility or effectiveness and that "the doctrine of permissible violence and the force of social sanction are of secondary importance as checks or influence." On the basis of utility it is found that weapons of warfare are limited only under the following circumstances: (1) when they have become obsolete, (2) when the restriction will not place one on more states at a disadvantage, and (3) when the weapon in question it not vital to one or more states.

The author finds that there are no conventional rules of international law in force today directly affecting aerial bombardment, and that an effort to regulate the subject by applying the customary practices which have grown out of land or naval warfare is impracticable and will not stand the strain of war. The attempted international actions relative to the subject of aerial warfare which are discussed include the conferences at The Hague in 1899 and 1907, the work of the Commission of Jurists at The Hague in 1922–1923, and the Washington Conference on the Limitation of Armament in 1922. Frequent references are made to other conferences in that part of the discussion which deals with the regulation of the conduct of war considered more generally.

The data presented dealing with the development of scientific inventions and their use in specific wars, are both voluminous and convincing. It is clear that numerous and reliable sources of information have been used. The presentation of this material, however, is somewhat less satisfactory, chiefly on account of the arrangement and titles of chapters. There is also a tendency in the content to unnecessary repetition.

While the author has done wisely in giving a great deal of prominence to the theory of utility, it is the opinion of the reviewer that the doctrine has been accorded an unwarranted stress. It would seem, for instance, that the convention on the limitation of armaments adopted at the Central American Conference of 1922–1923 must have had another basis, for it abolished the use of gases, prohibited the acquisition of war vessels, restricted the number of military aircraft to ten, and gave maximum figures for the armies of the respective parties. By so doing it deprived the signatories of weapons of war which would be most useful. The resolution adopted at the Washington Conference of 1922 prohibiting the use of the submarine against merchantmen also seems to be contrary to the military interests of the powers who signed it. There can be no doubt, however, that existing conventions in regard to the weapons and conduct of war were greatly influenced by the doctrine of utility. The thesis of the book is a very challenging one, and, on the whole, it has

been well executed. It deserves to be read by persons who are interested either in disarmament or the development of the law of war.

NORMAN L. HILL.

University of Nebraska.

Henderson, Yandell, and Davis, Maurice R. (editors), Incomes and Living Costs of a University Faculty. Foreword by James Rowland Angell, President of Yale University. (New Haven: Yale University Press, 1928, pp. x, 170.)

It has become almost proverbial (at least in some quarters) that salaries paid college professors are lower than those paid men of about the same ability and training in most other professions. Every faculty member can cite at least one concrete example. This volume embodies the findings of a voluntary committee of the Yale Chapter of the American Association of University Professors authorized to make a constructive study of faculty salaries and standards of living. President Angell in the foreword states that the main issues of the problem are (1) to ascertain "the actual conditions of life which are faced by academic men when they attempt to live within their salaries, and the degree to which they are compelled to supplement their salaries by outside work;" and (2) "to determine what are reasonable economic and social standards with which academic salaries must comport, if men of high intellectual and moral quality are to be attracted into the career of teaching and scholarship in sufficient numbers to insure the maintenance of our institutions of higher education on a sound and dignified basis." The study is based on information furnished to the committee by over 60 per cent of the Yale University Faculty, with all ranks about equally represented among those reporting.

The committee finds (1) "that the present scale of salaries affords good conditions for a scholarly life for an unmarried man; but a distinctly meager existence in all grades for a man and wife with no children" (of those reporting, 74 per cent were married and 73 per cent of those married had children, the average number of children being two); (2) that while the average salary in dollars has materially increased since 1913, its purchasing power in 1927 is only 88 per cent of that of 1913; (3) that increases in salaries since 1913 relatively have been greater for instructors and least for full professors; (4) that financial pressure forced over 70 per cent of those reporting (practically all those having children) to exploit every opportunity that spare time allowed to supplement their salaries by outside work, which often interferes with University work in respect to productive scholarship, although rarely in respect to teaching; and (5) that over 90 per cent of the Yale University Faculty owns so little property that income therefrom is almost a negligible factor and hence faculty members must look solely to their earnings for support. Comparisons made of faculty salaries with those paid in several other professions and with those of business executives tended to support the belief mentioned at the outset of this note. Even the ministry in numerous instances was found to

pay such salaries to pastors and preachers that universities in need of professors of theology could not attract from the active ministry the

type of men desired for teaching.

The committee points out that the number of the faculty is an important factor in fixing the average salary that can be paid, since the latter is merely the quotient obtained by dividing the total salary fund available by the number of people sharing in it. True, the great influx of students calls for additions to the staff. But the competitive ambitions of the departments (often) provide constant pressure for more expensive methods of instruction, for a greater variety of course offerings, and for expansion generally. These compete with salary increases for a share of the income and thus "the faculty finds itself standing in the way of its own advancement in salary." Too little attention is given (by the faculty as well as others) to consideration of the proper ratio of teachers to students that will avoid inadequate instruction of students and overloading of teachers and yet maintain a ratio which, on a given instructional budget, will permit salaries sufficient to obtain a faculty of high ability. The committee believes that the teaching profession has its economic future largely in its own hands. It must develop methods for "keeping down the teacher-student ratio, so as to hold the faculty at about its present size, while still giving effective instruction in the larger subjects," if it is to expect a steady improvement in the economic status of the profession. The committee concludes that "if the teaching profession is reasonably equalized economically with other callings, and if at the same time the choice of personnel is made rigorously selective," the profession will be assured of a high level of ability.

CARROLL D. SIMMONS.

University of Texas.

Mayor, James, The Russian Revolution. (New York: The Macmillan Company, 1928, pp. 470.)

The Russian Revolution is a movement for some future historian to narrate and appraise. At present the most that one can do is to depend on a few governmental decrees and the memoirs or observations of certain scattered observers. We may perhaps picture it fairly well in the large, but when it comes to concrete factors and their contributive influence, our vision is necessarily dimmed for want of adequate historical material. A second difficulty is that of viewing the movement without subjective bias; and a problem that centers in Russia is peculiarly difficult because we are dealing with a people who in many respects are quite alien to the traditions and standards of the West. One should realize that this hybrid people are not necessarily wrong because their institutions do not always suit our logic or our taste.

Professor Mavor's study fully exemplifies these limitations, as well as certain others. The book is based on some personal observations together with a few published sources and certain Russian writings which he found useful and which (even when they disagree about Lenin) he

seems to accept without qualification. It is undoubtedly true that the author was better acquainted with Russia than most foreigners who wrote about her (his Economic History of Russia attests to that). It cannot be said, however, that he furnishes us with any original conclusions, or that his book shows much scholarly penetration. While the exposition is clear, its coherence is often marred by excess of quotation, and the device of putting footnotes at the end of each chapter and interspersing the pages with large numbers to drive you thither is surely a needless vexation to the reader. Above all, the book is pretty dull. One who attempts to tell the whole story of one of the most dramatic movements in history needs to be an accomplished portrait-painter of humanity. The fact that he would have to deal with Russian psychology makes an even greater demand upon his capacity. The author does not begin to meet that test. It is possible, however, that his death came before he had given the manuscript its final revision. Perhaps that is why the immediate causes of the Revolution of 1917 are so meagerly treated. His earlier work stopped with an account of the revolutionary outbreak of 1905-1906, but the forces which gathered to produce the cataclysm of 1917 are left to a very cursory and superficial introduction.

Inadequate as it is as a survey of the Revolution, it is so far the only fairly reliable work we have on the whole movement; and on certain of its aspects (particularly the economic) it will probably serve as a useful reference for some time. On some matters, like the political quarrels during the Provisional Government, the moral disintegration of the old army, the economic crisis of 1920-1921, and the fiscal problems of the Bolsheviks, it is particularly illuminating. The spirit with which the author approaches the Bolshevik regime is illustrated by his concluding indictment: "Instead of guiding the backward people of Russia, as they pretended to do, along a new path of social progress, they have plunged them into a primitive condition from which it must take them many long years to emerge, and they have wasted the products of centuries of human progress by threatening to induce in the societies of western Europe an epidemic of indiscriminate destructiveness. Thus the experiment would seem to prove beyond question that under Bolshevik policy and methods no social advancement is possible, for Bolshevism is in its essence the very antithesis of progress." Oh Hell, where is thy sting?

T. W. RIKER.

University of Texas.

Robinson, Daniel Sommer, An Anthology of Recent Philosophy: Selections for Beginners from the Writings of the Greatest Twentieth Century Philosophers. (New York: Thomas Y. Crowell Company, 1928, pp. xi, 674.)

This anthology consisting of some sixty-eight selections is intended primarily as a source book of readings for the beginner, and as such might well be used along with one of the many texts in the introduction to philosophy. For this purpose the compiler has selected on the basis

of interest and literary quality as well as philosophical suitability. A number of the articles are rather difficult for the beginner, but on the whole they are well chosen. The analyses and questions for discussion which accompany each selection will be of some value to the student, but will rather detract from the pleasure of the general reader.

As a picture of contemporary and recent philosophy the book suffers from the provincialism of so much of modern scholarship. Sixty-three writers who, according to the subtitle, are among the greatest philosophers of the twentieth century are represented. Of these, thirty-seven are Americans, nineteen are British, four are German, one is French, one Italian, and one Indian. No doubt the omission of such eminent French philosophers as Meyerson and Lévy-Bruhl, and such influential German philosophers as Husserl, Meinong, Rickert, and Natrop, is due to the regrettable lack of English translations. A list, however, of some sixty of the greatest twentieth century philosophers would be defective if it did not include at least fifteen or twenty German names. Some means should be found of bringing these before the English-speaking reader. An anthology which included selections in translation would be eminently worth while.

The book is divided into five parts under the headings of Orientation, Idealism, Realism, Pragmatism, and Other Types. Since these divisions have pretty well lost their distinctive character as "schools of philosophy," the book would perhaps have been a more adequate picture of recent philosophy if the selections were arranged under problem heads or topics. As it is, much that is typical of recent philosophy has been omitted. Eight articles are devoted to the problem of truth and error, while none is given to recent developments in mathematical logic. More than twelve selections deal with problems of knowledge, and none with the nature of casualty, the analysis of matter, or the interpretation of relativity. Whitehead, whose important contributions lie in the fields of the logic of mathematics and the philosophy of science, is represented by an article on "The Importance of Aesthetic Values in Education" touching on two fields in which he is an amateur.

On the whole the selection has been well done. All the articles are in good literary style, all are pointed and vital, and most of them are not too technical for the purpose in view. As a handy and comprehensive introductory source book it will be useful in many courses besides the introductory course for which it is designed. Every philosophy library should have a number of copies.

E. T. MITCHELL.

University of Texas.

Hsiao, Kung Chuan, Political Pluralism. (New York: Harcourt, Brace & Co., 1927, pp. viii, 271.)

To those familiar with the political writings of the middle ages and of early modern times there is likely to be some doubt as to whether pluralism is "a new tendency in political thought first suggested by Dr. Otto von Gierke as early as 1868" but there will be general agreement that it has been "developed in our own day by a large number of

writers." And it is with this recent literature of protest against the monistic state that Professor Hsiao of Nankai University, Tientsin, deals in the present book. He provides us with the most inclusive study yet made of the various forms and arguments of the "pluralists." He discusses not merely the distinctively political aspects of pluralism but also pluralism and law, and pluralism as a solution of the problem of the relation between economics and politics. In the political field he treats of the relations of pluralism to representative government (functional representation) administrative decentralization, and pluralism as political theory. He concludes with discussions of the philosophical backgrounds of political pluralism, and of his own conception of the state as an ethical ideal. In short, his is a very comprehensive survey of the literature on the subject.

In the opinion of the reviewer the value of the book is to be found in its inclusiveness rather than in its analysis of the problems involved. It is a useful guide to the material on the subject but it adds little that is new or particularly enlightening to that discussion. The author's conception of the state as an "ethical ideal" seems to be not unrelated to the metaphysical land of Utopia. After saying that "one of the most valuable lessons which we learn from the pluralists is, then, that a concrete, workable theory of politics must build its foundation upon the solid rock of human nature," he proceeds to the conclusion that "real sovereignty must surely be much wider, more profound, and more satisfying than the oppressive 'mortal God' of the Leviathan, or the jejune 'human superior' of the Jurisprudence" (pp. 238-239). And in his general conclusion he states that the pluralists "fail to see that the commonwealth resulting from the successful coördination of all social forces will ultimately be a comprehensive, all-satisfying unity . . . a community with splendor and sovereign force greater than any commonwealth that has ever been sustained by men" (p. 257). Doubtless that is very satisfactory as an ethical ideal but it would seem to afford relatively little aid as a commentary upon the ideas of recent political theorists. But, if his own conception of sovereignty seems even less clear than pluralist theories, and certainly much less accurate as a view of political institutions, his exposition of the pluralist writings does supply us with an eminently fair and readable description of this important tendency in modern political thought.

B. F. WRIGHT, JR.

Harvard University.

Patton, F. Lester, Diminishing Returns in Agriculture. (New York: Columbia University Press, 1926, pp. 95.)

This treatise is interesting because (1) it is different, and (2) it points out some of the confusion resulting from the "lack of precise terminology" on the part of economists in referring to the law of diminishing returns.

The author gives his first attention to diminishing returns as "related mainly to those aspects of the question which are timeless, technical and

capable of being given a more or less definite factual treatment." And with the foregoing, few economists, if any, take issue. He next takes up the question of secular diminishing returns in agriculture, the proposition that "if population continues to increase, the efforts of successive generations of men to produce food will be rewarded by steadily diminishing returns of crops raised in proportion to the labor and expense involved." This aspect of diminishing returns is more a question of

opinion than of fact, and, therefore, a center of controversy.

Mr. Patton's optimism leads to interpretations of statistical data which are open to objection. First, he takes the increasing yields in food units per man (quoting quite a bit of statistical evidence) to prove secular increasing returns. Such evidence is convincing, however, only when farmers comprise the whole population. Fewer farmers may till all the land, and so increase yields per man without increasing materially either total production or yields per acre. Some qualification, with reference to total production, is in order, as Mr. Patton points out, due to the fact "that poorer soils are usually cultivated in larger areas, and by other and less intensive methods . . . " the ability to cultivate more acres of poor land can extend the margin somewhat, and thus increase total production. But from the standpoint of society as a whole, relief in this manner from possible future over-population would come only if there existed practically an unlimited amount of land on the fringes of the margin. Moreover, poorer soils are cultivated in larger areas, relatively, because the scarcity of good land forces its cultivation in small areas, or rather more intensively, in order to offset its scarcity as much as possible. In the second place, secular increasing returns seem to Mr. Patton to be demonstrated by the fact that the passing of the years has "not been accompanied by any decline in yields per acre. . . ." Yields per acre in New York state for periods since 1862 are shown generally to have increased. Statistics for the country as a whole are presented to show similar trends. This data seems, however, to beg the question, since higher average yields are only to be expected as the result of intensive utilization of infra-marginal lands, in conformity with the classical statement of the law of decreasing returns. On the basis of this sort of evidence—i.e., leaving out total capital and labor costs-it might be said that western European agriculture is much farther from the margin of utilization than is the case in America, since her yields are uniformly higher.

As a whole Mr. Patton makes out a pretty strong case, but his use of statistics of per man and per acre yields weakens rather than strengthens his position. Just viewing production in agriculture since the Industrial Revolution, with yields mounting because of unprecedented improvements in technique, coupled with an abundance of practically vacant land, seems hardly more convincing proof of the existence of secular increasing returns than that adduced for the existence of secular diminishing returns, which Mr. Patton so vigorously criticizes.

He does bring out one valuable point in showing the process by which human consumption is adapted so as to utilize larger and larger amounts of foods which can be produced in relatively greater abundance on a given plot of land, e.g., production and consumption of potatoes instead of meat. But may not this be merely one means of meeting the problem presented by secular diminishing returns? In spite of his vigorous presentation, it yet remains to be shown that Mr. Patton has established his case.

C. A. WILEY.

University of Texas.

American Diplomacy in the Modern World (Philadelphia: University of Pennsylvania Press, 1928, pp. 127), by Arthur Bullard, is a collection of three lectures delivered under the Henry Labarre Jayne Foundation. The first, entitled "America and the New Diplomacy," urges that the United States make greater use of the "new machinery at Geneva," i.e., the League of Nations, the major reason being that because of its permanence, its increased facility in the conduct of international relations, and its disinterestedness this "new machinery" is proving itself far superior to old methods. The second lecture, "America and the Organization of Peace," states the tests by which we may answer the question, "Ought America to join the League?" It traces the uncertain, "fumble-bumble" policy by which our Government has slowly increased its participation in League activities and asks what we as a state mean by peace, whether we really want it, and if we do, whether we are willing to pay the price required by the realization that the assurance of peace is a cooperative, not a single-handed, enterprise. The third lecture, "America and the Problem of Disarmament," is a severe indictment of the Geneva, or Coolidge, type of conference for the limitation of armaments, the chief point being that the more technical view considers armaments as the disease itself, whereas the proper view would regard scrapped ships not as the cause but "the visible record of the improved condition." But the present position of our Government is that we must refuse to help assure the establishment or the maintenance of conditions that will encourage the reduction of armaments. If we insist upon holding to this attitude, we could at least, urges the author, get out of the way of those states that are trying to establish the proper bases of security and arbitration as the prerequisite to disarmament. This we could do by agreeing not to help a state that is guilty of a war of aggression.

Under the title The Constitution of the United States (pp. xvi, 201) the Harvard University Press has published (1928) a series of six lectures delivered by Senator Gaspar G. Bacon, a member of the Massachusetts Senate. The lectures were given at Boston University in March, 1927, as the first series in a course of lectures for which an endowment has been provided. The lecturer has defined his purpose thus in the preface to the book: "In this, the first year of the establishment of this course, I have attempted a general survey of the Constitution, dealing with certain of its more important provisions, aspects,

and implications, and leaving to future lecturers, and more distinguished authorities, a more complete study and the task of elaboration and amplification" (p. xiv). The method of approach used is revealed by an examination of the lecture subjects, which serve as chapter headings in the printed series. The first lecture deals with "The Constitutional Convention of 1787." The second considers "The Four Cornerstones of the Constitution" (the constitutional limitations upon the powers of the nation and the states; the division of powers between the three branches of government; the doctrine of judicial review; the principle of representative government). The third has to do with "Our Dual Form of Government"; the fourth with "What the Constitution Means to the Citizen"; the fifth with "The Balance-Wheel of the Constitution" (the Supreme Court); and the sixth with "The Dangers to Representative Government."

It appears to the reviewer that Senator Bacon has done a very good job with the introductory series of lectures. It is true that he has not introduced material which is new; indeed, the subjects dealt with have been mulled over hundreds of times in the past. But the present lecturer avoids doing that, and thereby makes his work well worth the time a reading will take. President Marsh, in his "Foreword," says that the lectures "are a model of clear thinking, cogent and kindling argument, felicitous words and images, lucid and simple expressions" (p. viii); and while this is high praise it appears on the whole to have been merited. The reader with a critical turn of mind will note that the lecturer has made a questionable statement in the paragraph on page 36; that the doctrine laid down between lines 5 and 15 on page 37 has another side; that he has used the word "inflicted" awkwardly on page 56; and that his arithmetic is incorrect on page 79. These defects, however, are not serious in nature, and they are remarkably few in number. The author has delivered a series of lectures which must have been valuable as well as entertaining to his listeners, and which printed constitute a usable survey for the layman and a readable review for the student of the American Constitution. R. C. M.

Cartels, Combines, and Trusts in Post-War Germany, by Rudolph K. Michels (New York: Columbia University Press, 1928, pp. 183), will be valuable to American students as a compilation of factual material concerning the combination movement in Germany since the war, as a basis for analysis of consequences in a country that has followed a policy regarding trusts almost diametrically opposite our own, and as a reference source on recent changes in the German law relating to combinations. Probably some readers will feel that the book is not equally valuable as a case for government tolerance of combinations, even in Germany, although Dr. Michels is confident that his material points to the conclusion that a complete return to free competition in Germany would eliminate the small margins of profit through the wastes of competition and uneconomic duplication of productive facilities.

The author's explanation of the fact that the combination movement in Germany, while strong and general, usually stops at cartels-a form that preserves small, independent business enterprises-instead of proceeding to mergers is that with competition keener and margins of profit narrower than in the United States, and with the limited markets preventing mass production, the elimination of wastes of competition usually suffices from the viewpoint of business men; and this being the case, little incentive exists to go beyond cartels and deprive members of their independence. From 1918 to 1924, it is true, cartels tended to disappear and the vertical combination (the Konzern) made distinct headway, owing largely to the extreme business and price fluctuations, but after 1924, with the problem no longer primarily that of utilization of funds or of borrowing capacity, the Kartell again took the place of the Konzern. The book includes case studies of the cartels in five industries and an excellent exposition of the German cartel law of 1923, which regulates certain of the cartels' relations. R. E. M.

In The Protection of Citizens Abroad by the Armed Forces of the United States (Baltimore: The Johns Hopkins Press, 1928, pp. viii, 170), Dr. Milton Offuth summarizes seventy-six of the more than one hundred occasions between 1813 and 1926 on which armed forces of the United States have been landed on foreign soil for the protection of American lives and property. The pertinent facts, amply documented, relating to each of the incidents treated are given briefly. In the final chapter the author states his conclusions relative to the changes which have taken place in the character of incidents serving to warrant the landing of armed forces.

Contrasting the situation in which the earliest landings were reluctantly made for the punishment of pirates, the author concludes that "Today it has apparently become the policy of the United States to protect the lives and property of its citizens abroad as well as the foreign interests of its citizens at home, not only before they have suffered irreparable damage, but even before they are seriously threatened."

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The student of American practical politics and the college instructor engaged in teaching courses in political parties will welcome whole-heartedly Professor W. Brooke Graves's Readings in Public Opinion (New York: D. Appleton & Co., 1928, pp. xix, 1281). Practically every phase of the formation and control of public opinion is comprehensively covered by selections from the writings of a host of recognized scholars and publicists. Psychologists, political scientists, sociologists, economists, politicians, clergymen, journalists, and others have been extensively quoted. Individual opinion and group opinion are first considered. The school, the church, the press, the theater, the cinema, literature, music, the cartoon, oratory, and the radio as influential factors in forming public opinion come next in order. The influence of the public relations counsel, chambers of commerce, capital, labor, trade associations, and

civic and improvement associations are then dealt with at length. The appeal of the reformer, the demagogue, the leader and the rôle of the political party in framing public opinion are afterwards duly considered, not to mention representative government, freedom of speech, the lobby, the executive, and the courts. Lastly, chapters on censorship, public opinion on foreign affairs, public opinion in war time, and international public opinion conclude the book.

It would be difficult to suggest any improvements in this work of editorship. The selections are excellent and the arrangement is admirable. The book affords a mine of easily accessible reference material for the instructor and the student, and an engrossing collection of live matter for the general reader.

O. D. W.

Elbert Duncan Thomas' Chinese Political Thought (New York: Prentice Hall, 1927, pp. xvi, 317) is a worthy and painstaking attempt to push farther open for the western student of political thought the door to the political conceptions of the great Chou period of Chinese history-(1122-245 B.C.)—the age of Confucius and the philosophers, which the author characterizes as the "formative and constitutional period of Chinese culture." This effort is justified, he correctly states, because "most of the energy of students in political theory has been spent in European and American fields." He approaches his task modestly by admitting at the start that "The Chinese field of investigation is so large and extensive that the investigator . . . seems to stand alone in the realm of the unknown." The reader feels, however, that Dr. Thomas has very successfully distilled from a great mass of Chinese philosophy the best Chinese thought regarding political life, but he is hardly convinced that Willoughby was quite wrong when he stated that the thinkers of the East "never succeeded in so far generalizing their political ideas as to create from them a system of thought sufficiently complete and logically ordered to warrant its being dignified with the title of political philosophy." (Political Theories of the Ancient World, Chap. II.) Nor is the statement of Dunning concerning the Chinese disproved, namely, that "Neither in theory nor in practice did they ever take the further and decisive step of discriminating between ethical and political conceptions." (Political Theories, Ancient and Medieval, Introduction.)

In explaining the origin of parties in the opening chapter of his *The American Party Battle* (New York: The Macmillan Company, 1928, pp. 150. The "World Today Book Shelf" Series), Charles A. Beard again presents his well-known thesis of the economic basis of politics, but at the same time warns that "though realistic, this theory must not be taken too narrowly." The book, however, is to a large extent an interpretation of American party history and political issues, in the light of the theory, from the "Federalist-Republican Alignment" to the "Restoration and Healing" of the last decade. The materials presented represent largely borrowings, as the preface indicates, from the author's

American Government and Politics and The Rise of American Civilization. The treatment is excellent and the "bold strikes" necessitated by
the brief space allowed does not dangerously conduce to "oversimplification" as the author fears. The book is an admirable one for the
general reader and an illuminating survey of American party history
for any student of practical politics.

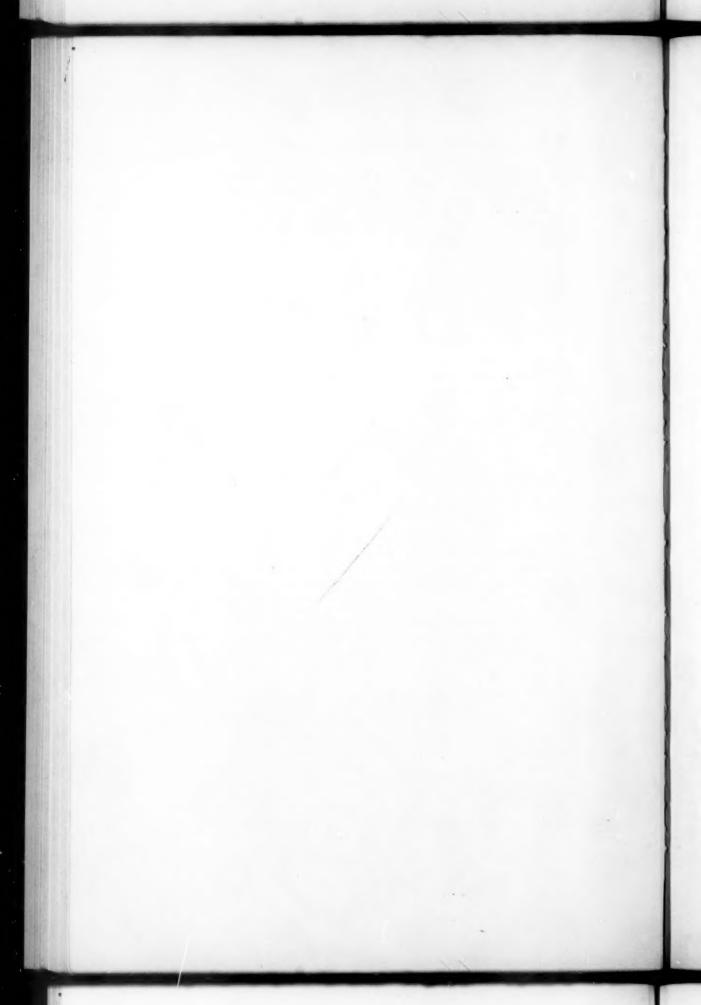
O. D. W.

The second edition of *Le Droit des Gens Moderne*, by Marcel Moye (Paris, Societe Anonyme du Recueil Sirey, 1928, pp. xv, 488), is a discussion of the rules of international law addressed to law students. The volume is interestingly written and in the main presents a clear picture of the present development of the subject; but naturally it betrays the defects incident to space requirements and the limitations of elementary discussion.

I. S.

The Political Ideas of the Greeks (New York: The Abingdon Press, 1927, pp. 436) is the publication of six lectures delivered by John L. Myres at Wesleyan University. The subject matter is presented topically rather than with reference to writers or schools of thought. The topics considered are "Greek Political Experience, Its Meaning and Value"; "The Notion of Society"; "The Notions of Ordinance and Initiative"; "The Notion of Justice"; "The Notion of Law in Society and Nature"; and "The Notion of Freedom." The work will prove a very serviceable reference book for the student of Greek political and legal thought and for the student of general political theory.

O. D. W.



INDEX

Adams, James Truslow, Hamiltonian Principles, note
Jeffersonian Principles, note
Aerial Bombardment and the International Regulation of Warfare, by M. W. Royse, rev. by Norman L. Hill.
Allen, J. W., A History of Political Thought in the Sixteenth Century, rev. by B. F. Wright, Jr.
"Also Rans," The, by Don C. Seitz, rev. by J. Alton Burdine
American Citizenship, by F. A. Cleveland, note
American Constitutional System and Faith, The, by R. K. Gooch
American Diplomacy in the Modern World, by Arthur Bullard, note
American Government and Politics, by Charles A. Beard, note
American Labor Dynamics, by J. B. S. Hardman, rev. by Edward
Edward Hale
American Parties and Politics, by Harold R. Bruce, rev. by Waldo Schumacher
American Party Battle, The, by Charles A. Beard, note
American Presidents, by Thomas Francis Moran, note
American Senate, The, by Lindsay Rogers, rev. by C. P. Patterson.
Angell, Robert Cooley, The Campus, note
Anthology of Recent Philosophy, An: Selections for Beginners from the Writings of the Greatest Twentieth Century Philoso- phers, by Daniel Sommer Robinson, rev. by E. T. Mitchell
Arneson, Ben Albert, Elements of Constitutional Law, rev. by Charles West
rev. of Haines, The Constitution of the United States
Bacon, Gaspar G., The Constitution of the United States, note.
Bain, Read, rev. of Shenton, The Practical Application of Sociology
rev of Hankins, An Introduction to the Study of Society: An
Outline of Primary Factors and Fundamental Institutions rev. of Kelso, The Science of Public Welfare
Barnes, Harry Elmer, In Quest of Truth and Justice, Debunking the War Myth, rev. by T. W. Riker
Barth, Harry, Six Years of Cooperation in Oklahoma
Bates, Frank G., and Field, Oliver P., State Government, note
Beard, Charles A., American Government and Politics, note
Bernard, L. L., rev. of Ellwood, Cultural Evolution: A Study of Social Origins and Development
Some Historical and Recent Trends of Sociology in the United States
Blachly, Frederick F., and Oatman, Miriam E., The New Labor Courts in Germany
Bodenhafer, Walter B., The Relation of Sociology to Social Work
"Boss" Tweed: The Story of a Grim Generation, by Denis Tilden

Bowden, Witt, Industrial Society in England Towards the End of
the Eighteenth Century, rev. by Max Sylvius Handman
Brinsmade, Robert Bruce, The Religious Crisis in Mexico: The View of a Liberal
Brogan, A. P., rev. of Russell, Sceptical Essays
Bruce, Harold R., American Parties and Politics, rev. by Waldo Schumacher
Bryan, The Great Commoner, by J. C. Long, note
Bullard, Arthur, American Diplomacy in the Modern World, note.
Burdine, J. Alton, rev. of Seitz, The "Also Rans"
rev. of MacDonald, Federal Aid
rev. of MacDonald, Federal Aid to the States.
Business Cycles, The Problem and its Setting, by Wesley C. Mitchell, rev. by E. T. Miller
Callcott, W. H., rev., of Gruening, Mexico and its Heritage
Campus, The, by Robert Cooley Angell, note
Cartels, Combines, and Trusts in Post-War Germany, by Rudolph K. Michels, note
Carver, Thomas Nixon, and Lundquist, Gustav A., Principles of
Rural Sociology, rev. by Carl M. Rosenquist
Cauley, T. J., Early Meat Packing Plants in Texas
Charge, Severt and Schlick F. I. Your Money's Worth row by
Chase, Stuart, and Schlink, F. J., Your Money's Worth, rev. by George Ward Stocking.
Chinese Political Thought, by Elbert Duncan Thomas, note
Christian, A. K., rev. of Fish, The Rise of the Common Man.
rev. of Nevins, The Emergence of Modern America
Cleveland, F. A., American Citizenship, note
Colombia's Tetroleum Laws: Will the Colombian Government Fol-
low the Path Marked Out by Mexico?, by J. Fred Rippy
Conover, Milton, Working Manual of Original Sources in American Government, note
Constitution of the United States, The, by Bertha Moser Haines, rev. by Ben A. Arneson
Constitution of the United States, The, by Gaspar G. Bacon, note
Constitutional Problems under Lincoln, by James G. Randall, rev. by Charles W. Ramsdell
Corbitt, D. L. (ed.), Public Papers and Letters of Cameron Morri-
son, compiled by William H. Richardson, note
Cultural Evolution: A Study of Social Origins and Development, by Charles A. Ellwood, rev. by L. L. Bernard
Davis, Maurice R., Henderson, Yandell, and, Incomes and Living Costs of a University Faculty, rev. by Carroll D. Simmons
Dewey, John, The Public and Its Problems, rev. by S. D. Myres, Jr.
De Witt, Paul, Party Government in the House of Representatives.
note
Dexter, Robert Cloutman, Social Adjustment, rev. by Carl M.
Rosenquist

Index	523

Dickey, J. A., Marketing Arkansas' Perishable Farm Products
Diminishing Returns in Agriculture, by Lester F. Patton, rev. by C. A. Wiley
Distribution of Power to Regulate Interstate Carriers between the
Nation and the States, The, by George G. Reynolds, rev. by Walter Thompson
District School as It Was, The, by Clifton Johnson, note
Dobb, Maurice, Russian Economic Development Since the Revolu- tion, rev. by Edward Everett Hale
Doctrine of Necessity in International Law, The, by B. C. Rodick, rev. by Irvin Stewart
Droit des Gens Moderne, Le, by Marcel Moye, note
Early Meat Packing Plants in Texas, by T. J. Cauley
Economics of Consumption, by Warren C. Waite, rev. by C. A. Wiley
Election of 1928, The, by O. Douglas Weeks
Elements of Constitutional Law, by Ben Albert Arneson, rev. by Charles West
Elements of Rural Sociology, by Newell Le Roy Sims, rev. by Carl M. Rosenquist
Ellwood, Charles A., Cultural Evolution: A Study of Social Origins and Development, rev. by L. L. Bernard
Emergence of Modern America, The, by Allen Nevins, rev. by A. K. Christian
England, A History of British Progress from the Early Ages to the Present Day, rev. by Milton R. Gutsch
Faris, Ellsworth, Racial Attitudes and Sentiments
Fay, C. R., The Success of Coöperation Among Livestock Producers in the United States of America
Federal Aid, by Austin F. MacDonald, rev. by J. Alton Burdine
Federal Aid to the States, by Austin F. MacDonald, rev. by J. Alton Burdine
Field, Oliver P., Bates, Frank G., and, State Government, note
Fish, Carl Russell, The Rise of the Common Man, rev. by A. K. Christian
Foreign Rights and Interests in China, by Westel W. Willoughby, rev. by Charles E. Martin
Gewehr, W. M., rev. of Lynch, "Boss" Tweed: The Story of a Grim Generation
Gooch, R. K., The American Constitutional System and Faith
Government as an Exact Science, by R. K. Gooch
Graham, Malbone W., rev. of Mattern, Principles of the Constitu-
tional Jurisprudence of the German National Republic
Graves, W. Brooke, Readings in Public Opinion, note
Gruening, Ernest, Mexico and Its Heritage, rev. by W. H. Callcott Gutsch, Milton R., rev of Robinson, England, A History of British
Progress from the Early Ages to the Present Day

Haines, Bertha Moser, The Constitution of the United States, rev.
by Ben A. Arneson
Hale, Edward Everett, rev. of Hardman, American Labor Dynamics rev. of Dobb, Russian Economic Development since the Revo- lution
Hamiltonian Principles, by James Truslow Adams, note
Handman, Max Sylvius, rev. of Bowden, Industrial Society in England Towards the End of the Eighteenth Century
Hankins, F. H., An Introduction to the Study of Society: An Out- line of Primary Factors and Fundamental Institutions, rev. by Read Bain
Hardman, J. B. S. (ed.), American Labor Dynamics, rev. by Edward Everett Hale
Henderson, Yandell, and Davis, Maurice R. (eds.), Incomes and Living Costs of a University Faculty, rev. by Carroll D. Simmons Hill, Norman L., rev. of Royse, Aerial Bombardment and the Inter-
national Regulation of Warfare
History of Political Science from Plato to the Present, by Robert H. Murray, note
History of Political Thought in the Sixteenth Century, A, by J. W. Allen, rev. by B. F. Wright, Jr.
Hsiao, Kung Chuan, Political Pluralism, rev. by B. F. Wright, Jr In Quest of Truth and Justice, Debunking the War Myth, by Harry Elmer Barnes, rev. by T. W. Riker
Incomes and Living Costs of a University Faculty, edited by Yan- dell Henderson and Maurice R. Davis, rev. by Carroll D. Simmons Industrial Society in England Towards the End of the Eighteenth
Century, by Witt Bowden, rev. by Max Sylvius Handman
Initiative of the United States Senate in Legislation, 1789-1809, The, by Lane W. Lancaster
Inquiring Mind, The, by Zechariah Chafee, rev. by E. S. Redford
International Finance and Balance of Power Diplomacy, 1880-1914, by Jacob Viner
Interpretation of Treaties, The, by Tsune-Chi Yü, note
Introduction to the Study of Society, An: An Outline of Primary Factors and Fundamental Institutions, by F. H. Hankins, rev. by Read Bain.
Ireland, Alleyne, The New Korea, rev. by Charles A. Timm
Jeffersonian Principles, by James Truslow Adams, note
Johnson, Clifton, The District School as It Was, note
Kelso, Robert W., The Science of Public Welfare, rev. by Read Bain
Lancaster, Lane W., The Initiative of the United States Senate in Legislation, 1789-1809
Latin America in World Politics, by J. Fred Rippy, rev. by J. Lloyd Mecham
Legal Limitations on Taxes and Debts, by E. T. Miller

Lewis, Stuart, Party Principles and Practical Politics, rev. by Waldo Schumacher
Life, Journalism and Politics, by J. A. Spender, rev. by Charles W. Pipkin
Long, J. C., Bryan, The Great Commoner, note
Lundquist, Gustav A., and Carver, Thomas Nixon, Principles of Rural Sociology, rev. by Carl M. Rosenquist
Lynch, Denis Tilden, "Boss" Tweed: The Story of a Grim Generation, rev. by W. M. Gewehr
MacDonald, Austin F., Federal Aid, rev. by J. Alton Burdine Federal Aid to the States, rev. by J. Alton Burdine
MacKaye, Benton, The New Exploration, rev. by Roscoe C. Martin
Main Currents in American Thought, 2 vols.: Vol. I, The Colonial Mind, 1620-1800; Vol. II, The Romantic Revolution in America, 1800-1860, by Vernon Louis Parrington, rev. by O. Douglas Weeks
Mandates System and Public Opinion, The, by Quincy Wright
Marketing Arkansas' Perishable Farm Products, by J. A. Dickey
Martin, Charles E., rev. of Willoughby, Foreign Rights and Interests in China
Martin, Roscoe C., rev. of MacKaye, The New Exploration
Mattern, Johannes, Principles of the Constitutional Jurisprudence
of the German National Republic, rev. by Malbone W. Graham
Mavor, James, The Russian Revolution, rev. by T. W. Riker
Mecham, J. Lloyd, rev. of Rippy, Latin American in World Politics
Mexican Legislation in the Light of International Law, by David
Y. Thomas. Mexico and Its Heritage, by Ernest Gruening, rev. by W. H. Call- cott
Michels, Rudolph K., Cartels, Combines, and Trusts in Post-War Germany, note
Miller, E. T., rev. of Mitchell, Business Cycles, The Problem and Its Setting
Legal Limitations on Taxes and Debts
Mr. Baldwin's Second Ministry, by William Thomas Morgan
Mitchell, Broadus, William Gregg, Factory Master of the Old South, rev. by Royal E. Montgomery
Mitchell, E. T., rev. of Robinson, An Anthology of Recent Philosophy: Selections for Beginners from the Writings of the
Greatest Twentieth Century Philosophers
Mitchell, Wesley C., Business Cycles, The Problem and Its Setting, rev. by E. T. Miller
Montgomery, Royal E., rev. of Soule, Wage Arbitration, Selected Cases, 1920-1924
rev. of Mitchell, William Gregg, Factory Master of the Old
Moran, Thomas Francis, American Presidents, note
Morgan, William Thomas, Mr. Baldwin's Second Ministry

Moye, Marcel, Le Droit des Gens Moderne, note
Murray, The Rev. Robert H., History of Political Science from Plato to the Present, note
Myres, John L., The Political Ideas of the Greeks, note
Myres S. D., Jr., Mysticism, Realism, and the Texas Constitution of 1876
rev. of Dewey, The Public and Its Problems
Mysticism, Realism, and the Texas Constitution of 1876, by S. D. Myres, Jr.
Nevins, Allan, The Emergence of Modern America, rev. by A. K. Christian
New American Venture in Obligatory Arbitration, A, by Robert R. Wilson
New Exploration, The, by Benton MacKaye, rev. by Roscoe C. Martin
New Korea, The, by Alleyne Ireland, rev. by Charles A. Timm New Labor Courts in Germany, The, by Frederick F. Blachly and Miriam E. Oatman
Oatman, Miriam E., and Blachly, Frederick F., The New Labor Courts in Germany
Offuth, Milton, The Protection of Citizens Abroad by the Armed Forces of the United States, note
Parrington, Vernon Louis, Main Currents in American Thought, 2 Vols: Vol. I, The Colonial Mind, 1620-1800; Vol. II, The Romantic Revolution in America, 1800-1860, rev. by O. Douglas Weeks
Party Government in the House of Representatives, by Paul De Witt, note
Party Principles and Practical Politics, by Stuart Lewis, rev. by Waldo Schumacher
Patterson, C. P., rev. of Rogers, The American Senate
Patton, F. Lester, Diminishing Returns in Agriculture, rev. by C. A. Wiley
Pipkin, Charles W., rev. of Spender, Life, Journalism and Politics Political Ideas of the Greeks, The, by John T. Myres, note
Political Pluralism, by Kung Chuan Hsiao, rev. by B. F. Wright, Jr. Practical Application of Sociology, The, by Herbert N. Shenton, rev. by Read Bain.
Principles of Rural Sociology, by Gustav A. Lindquist and Thomas Nixon Carver, rev. by Carl M. Rosenquist
Principles of the Constitutional Jurisprudence of the German National Republic, by Johannes Mattern, rev. by Malbone W. Graham
Propaganda Methods of the National Civil Service Reform League, by Frank M. Stewart
Protection of Citizens Abroad by the Armed Forces of the United States, The, by Milton Offuth, note

Public and Its Problems, The, by John Dewey, rev. by S. D.
Myres, Jr.
Public Papers and Letters of Cameron Morrison, compiled by
William H. Richardson, and edited by D. L. Corbitt, note
Racial Attitudes and Sentiments, by Ellsworth Faris
Ramsdell, Charles W., rev. of Randall, Constitutional Problems under Lincoln
Randall, James G., Constitutional Problems under Lincoln, rev. by
Charles W. Ramsdell Readings in Public Opinion, by W. Brooke Graves, note
Redford, E. S., rev. of Chafee, The Inquiring Mind.
Relation of Sociology to Social Work, The, by Walter B. Bodenhafer
Religious Crisis in Mexico, The: The View of a Liberal, by Robert Bruce Brinsmade
Reynolds, George G., The Distribution of Power to Regulate Inter-
state Carriers between the Nation and the States, rev. by Walter
Thompson
Richardson, William H. (compiler), Public Papers and Letters of
Cameron Morrison, edited by D. L. Corbitt, note
Riker, T. W., rev. of Barnes, In Quest of Truth and Justice, De-
bunking the War Myth
rev. of Mayor, The Russian Revolution
Rippy, J. Fred, Latin America in World Politics, rev. by J. Lloyd
Mecham
Colombia's Petroleum Laws: Will the Colombian Government
Follow the Path Marked out by Mexico?
Rise of the Common Man, The, by Carl Russell Fish, rev. by
A. K. Christian
Robinson, Cyril E., England, A History of British Progress from
the Early Ages to the Present Day, rev. by Milton R. Gutsch
Robinson, Daniel Sommer, An Anthology of Recent Philosophy:
Selections for Beginners from the Writings of the Greatest Twen-
tieth Century Philosophers, rev. by E. T. Mitchell
Rodick, B. C., The Doctrine of Necessity in International Law, rev.
by Irvin Stewart
Rogers, Lindsay, The American Senate, rev. by C. P. Patterson
Rosenquist, Carl M., rev. of Lundquist and Carver, Principles of
Rural Sociology
rev. of Dexter, Social Adjustment
rev. of Sims, Elements of Rural Sociology
Royse, M. W., Aerial Bombardment and the International Regula-
tion of Warfare, rev. by Norman L. Hill
Rural Voting in Colifornia, 1900-1926, by Charles H. Titus
Russell, Bertrand, Sceptical Essays, rev. by A. P. Brogan
Russian Economic Development Since the Revolution, by Maurice
Dobb, rev. by Edward Everett Hale
Russian Revolution, The, by James Mavor, rev. by T. W. Riker
Sceptical Essays, by Bertrand Russell, rev. by A. P. Brogan

Index

Schlink, F. J., Chase, Stuart, and, Your Money's Worth, rev. by George Ward Stocking
Schumacher, Waldo, rev. of Bruce, American Parties and Politics
rev. of Lewis, Party Principles and Practical Politics
Science of Public Welfare, The, by Robert W. Kelso, rev. by
Read Bain
Seitz, Don C., The "Also Rans," rev. by J. Alton Burdine
Shenton, Herbert N., The Practical Application of Sociology, rev. by Read Bain
Simmons, Carroll D., rev. of Henderson and Davis (editors), Incomes and Living Costs of a University Faculty
Sims, Newell Le Roy, Elements of Rural Sociology, rev. by Carl M. Rosenquist.
Six Years of Cooperation in Oklahoma, by Harry Barth
Social Adjustment, by Robert Cloutman Dexter, rev. by Carl M. Rosenquist
Some Historical and Recent Trends of Sociology in the United States, by L. L. Bernard
Soule, George, Wage Arbitration, Selected Cases, 1920-1924, rev. by Royal E. Montgomery
Spender, J. A., Life, Journalism and Politics, rev. by Charles W. Pipkin
State Government, by Frank G. Bates and Oliver P. Field, note
Stewart, Frank M., Propaganda Methods of the National Civil
Service Reform League
Stewart, Irvin, rev. of Rodick, The Doctrine of Necessity in Inter-
national Law
Success of Coöperation Among Livestock Producers in the United States of America, The, by C. R. Fay.
Thomas, David Y., Mexican Legislation in the Light of International Law
Thomas, Elbert Duncan, Chinese Political Thought, note
Thompson, Walter, rev. of Reynolds, The Distribution of Power
to Regulate Interstate Carriers between the Nation and the
Timm, Charles A., rev. of Ireland, The New Korea
Titus, Charles H., Rural Voting in California, 1900-1926.
Viner, Jacob, International Finance and Balance of Power Diplomacy, 1880-1914.
Wage Arbitration, Selected Cases, 1920–1924, by George Soule, rev.
by Royal E. Montgomery
Waite, Warren C., Economics of Consumption, rev. by C. A. Wiley
Weeks, O. Douglas, ed. of Book Reviews 97, 216, 349,
rev. of Parrington, Main Currents in American Thought,
2 vols.: Vol I, The Colonial Mind, 1620-1800; Vol. II, The
Romantic Revolution in America, 1800-1860

Index	
The Election of 1928	
West, Charles, rev. of Arneson, Elements of Constitutional Law	
rev. of Patton, Diminishing Returns in Agriculture	
William Gregg, Factory Master of the Old South, by Broadus Mitchell, rev. by Royal E. Montgomery	
Willoughby, Westel W., Foreign Rights and Interests in China, rev. by Charles E. Martin	
Wilson, Robert R., A New American Venture in Obligatory Arbitration	
Working Manual of Original Sources in American Government, by Milton Conover, note	
Wright, B. F., Jr., rev. of Allen, A History of Political Thought in the Sixteenth Century	
rev. of Hsiao, Political Pluralism.	
Wright, Quincy, The Mandates System and Public Opinion	
Your Money's Worth, by Chase, Stuart, and Schlink, F. J., rev. by George Ward Stocking	
Yü, Tsune-Chi, The Interpretation of Treaties, note	